



Department of Energy
Richland Operations Office
P.O. Box 550
Richland, Washington 99352

01-PRO-154

DEC 1 9 2009

Dr. L. J. Powell, Director
Pacific Northwest National Laboratory
Richland, Washington 99352

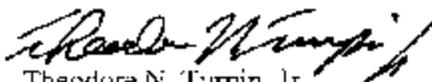
Dear Dr. Powell:

CONTRACT NO. DE-AC06-76RL01830 – CONTRACT MODIFICATION M328

This letter transmits one copy of contract modification M328 for your file.

Questions regarding this matter may be directed to Ronnie Dawson at (509) 372-4023.

Sincerely,


Theodore N. Turpin, Jr.
Contracting Officer

PRO:RLD

Enclosure

cc w/encl: K. L. Hoewing, PNNL

2. AMENDMENT/MODIFICATION NO. M328	3. EFF. DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO. /	5. PROJECT NO. (if applicable)
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6. ISSUED BY Department of Energy Richland Operations Office PO Box 550 Richland WA 99352	7. ADMINISTERED BY (if other than Item 6) Ronnie L. Dawson TEL: 509-372-4023 FAX: 509-372-4037
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8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and Zip Code) Battelle Memorial Institute Pacific Northwest Division 502 Battelle Blvd PO Box 989 Richland WA 99352	9A. AMENDMENT OF SOLICITATION NO. 9B. DATED (SEE ITEM 11)
	10A. MODIFICATION OF CONTRACT/ORDER NO. / DE-AC06-76RL0183C
CCDE	10B. DATED (SEE ITEM 13) 12/30/98

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of offers is extended. is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing items 8 and 15, and returning _____ copies of the amendment (b) By acknowledging receipt of this amendment on each copy of the offer submitted or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (if required)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF See Below Block 14.
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor is not is required to sign this document and return 3 copies to issuing office

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF action headings, including solicitation/contract subject matter when feasible.)

This modification incorporates the performance-based fee; modifies contract clauses in Sections B, H, and I; updates Appendix C; and updates Appendix E.

1. The total available performance-based fee for FY 2001 shall be \$7,000,000.

2. Section B, contract clauses B-2 "Obligated Funds" and B-3 "Estimated Cost and Annual Fee" are deleted in their entirety and the attached contract clauses B-2 and B-3 are inserted in lieu thereof.

3. Section H, contract clause H-22 "Cap on Liability", paragraph (c) is deleted.

Except as provided herein, all terms and conditions of the document referenced in Item 2A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Karen L. Hoewing, General Counsel	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Susan E. Bechtel CONTRACTING OFFICER
15B. CONTRACTOR/OFFEROR Karen L. Hoewing (Signature of person authorized to sign)	15C. DATE SIGNED 12-14-00
16B. UNITED STATES OF AMERICA BY Susan E. Bechtel (Signature of Contracting Officer)	16C. DATE SIGNED 12-14-00

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT - Continuation		2. AMENDMENT/MODIFICATION NO. M328	
CONTRACT NO.:	CONTRACTOR TIN:	1099: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	PAGE OF PAGES 2 2
14. DESCRIPTION OF AMENDMENT/MODIFICATION <i>(Organized by UCF section headings, including solicitation/contract subject matter where feasible.)</i>			
<p>in its entirety and the attached paragraph (c) is inserted in lieu thereof.</p> <p>4. Section H, clause H-32 "Total Available Fee", paragraph (b) is deleted in its entirety and the attached paragraph (b) is inserted in lieu thereof.</p> <p>5. Section H, clause H-33, "Conditional Payment of Fee", paragraph (a) is deleted in its entirety and the attached paragraph (a) is inserted in lieu thereof.</p> <p>6. Section I, contract clause I-29 "Clean Air and Water (APR 1994)" is deleted in its entirety.</p> <p>7. Section I, contract clause I-69 "Allowable Costs and Fee (JUN 1997)(Deviation)", paragraph (b) is deleted in its entirety and the attached paragraph (b) is inserted in lieu thereof.</p> <p>8. Section I, contract clause I-91 "Flowdown of Contract Requirements to Subcontracts (FEB 1997)(Deviation)", paragraph (c) is deleted in its entirety and the attached paragraph (c) is inserted in lieu thereof.</p> <p>9. Section J, Appendix C "Subcontracting Plan for Socioeconomic Programs" is deleted in its entirety and the attached Appendix C is inserted in lieu thereof.</p> <p>10. Section J, Appendix E "Standards of Performance-Based Fee" is deleted in its entirety and the attached Appendix E is inserted in lieu thereof.</p> <p>In accordance with Block 13(C), this supplemental agreement is entered into pursuant to authority of: Contract Clauses B-3 "Estimated Cost and Annual Fee", H-22 "Cap on Liability", H-32 "Total Available Fee", H-33 "Conditional Payment of Fee", I-18 "Small Business Subcontracting Plan (OCT 1999)", and I-69 "Allowable Costs and Fee (JUN 1997)(Deviation)"; FAC 97-15; and FAR 43.103(a)(3).</p> <p>This modification results in no other changes.</p>			

B-2 OBLIGATED FUNDS

The total amount of funds presently obligated by the Government with respect to this contract is \$6,137,091,403.08 (through modification A331), such amount may be increased or decreased in accordance with the clause titled, Obligation of Funds, of the contract.

B-3 ESTIMATED COST AND ANNUAL FEE

(a) The fee shall be annually negotiated and the contract will be modified to reflect the results of each completed fee negotiation in paragraph (b) below. Failure of the parties to agree upon a fee for any period of this contract shall be resolved pursuant to Clause I-46, "Disputes". Payment for the fixed fee portion (if any) of the negotiated fee shall be made in twelve equal monthly increments. Payments of fees shall be made without the need for a contract modification.

(b) Summary of Estimated Costs and Fee:

Period	Estimated Cost	Total Available Fee	Total Available Performance-Based Fee	Total Available Incentive Fee
October 1, 1998 - September 30, 1999	\$469,000,000	\$7,100,000	\$5,700,000	\$1,400,000
October 1, 1999 - September 30, 2000	\$513,000,000	\$7,000,000	\$7,000,000	N/A
October 1, 2000 - September 30, 2001	\$457,000,000	\$7,000,000	\$7,000,000	N/A

H-22 CAP ON LIABILITY

(c) For fiscal year 2001, the Contractor will be responsible for the first \$125,000. The next \$4435,000 will be shared by the Contractor and the Government on a fifty-fifty per dollar basis. Accordingly, the total cap shall be \$4,630,000 and the Contractor's share of said total cap shall be \$2,412,500. The amount of the cap and other limitations for fiscal year 2002 will be negotiated along with the fee(s) in accordance with other provisions of the contract. If the Parties cannot agree on a cap for any subsequent fiscal years, then the liability cap will remain at the same rate as for the previous period.

H-32 TOTAL AVAILABLE FEE

(b) Fee Payments. Payment of fee will be made as follows.

- (1) Monthly Provisional Fee Payments. The Contractor may draw up to one twelfth (1/12) of 85% of the total available fee for the fiscal year on the first day of each month, unless otherwise instructed in writing by the Contracting Officer.
- (2) End of Year Provisional Fee Payment. Concurrent with the submittal to DOE of the Contractor's final self assessment report for the fiscal year, and using the ratings contained in this report, the Contractor will provide to DOE a proposed Expected Fiscal Year Fee, with said Expected Fiscal Year Fee calculated as follows:

90% of the performance-based fee pool estimated by the Contractor to have been earned under the performance-based fee schedules in Appendix E.

The Contractor may make a draw not to exceed the Expected Fiscal Year Fee less the cumulative provisional fee drawn to date for the fiscal year fifteen (15) calendar days after submittal of the fee calculation to DOE, unless otherwise instructed in writing by the Contracting Officer.

- (3) Final Fee Payment. The Contractor will submit a Final Fee Payment Request pursuant to subparagraph (f) of this clause to DOE after the end of the fiscal year. Any remaining fee will be payable to the Contractor or the Government, as the case may be, under the provisions of that subparagraph.

H-33 CONDITIONAL PAYMENT OF FEE

- (a) In order for the Contractor to receive all otherwise earned fee under the contract in an evaluation period, the contractor must meet the minimum requirements in paragraphs (c)(1) through (c)(4) of this clause. If the Contractor does not meet the minimum requirements, the Contracting Officer or Government Fee Determination Official (FDO) may reduce the evaluation period's otherwise earned fee.

I-69 970.5204-13 ALLOWABLE COSTS AND FEE (JUN 1997) (DEVIATION)

- (b) Fee(s). The Contractor may receive a performance-based fee of up to \$7,000,000 subject to the provisions found within Appendix E "Standards of Performance-Based Fee" payable to the Contractor for the performance of the work under this contract with respect to the period commencing October 1, 2000, to and including September 30, 2001. The entire performance-based fee of \$7,000,000 shall be at risk in accordance with Appendix E. There shall be no adjustment in the amount of the Contractor's fee by reason of differences between any estimate of cost for performance of the work under this contract and the actual costs for performance of that work. The type of fee and fee amounts payable to the Contractor for the performance of the work under this contract with respect to the periods October 1, 2001, to and including September 30, 2002, are unspecified.

By each September 30th, (or sooner as the Parties shall agree), the Parties shall negotiate an appropriate fee and fee amount for the next performance period. The parties agree that these fee negotiations will be conducted in accordance with the current DOE fee policies set forth in the Department of Energy Acquisition Regulations. Pending agreement upon such fees, the Contractor shall continue performance of the work under this contract and shall be paid a provisional fee at 75% of the amount paid for the previous period. There shall be no adjustment in the amount of the Contractor's fee by reason of differences between any estimate of cost for performance of the work under this contract and the actual costs for performance of that work.

I-91 970.5204-44 FLOWDOWN OF CONTRACT REQUIREMENTS TO SUBCONTRACTS (FEB 1997) (DEVIATION)

- (c) Clauses and related regulations
- (1) Air transportation by U.S. Flag carriers. Clause at FAR 52.247-63.
 - (2) Anti kickback Act of 1986. Clause at FAR 52.203-7.
 - (3) Reserved.
 - (4) Contract Work Hours and Safety Standards Act. Clause at FAR 52.222-4, and follow the requirements of FAR 22.1.

- (5) Cost or Pricing Data. Clause at 48 CFR (DEAR) 970.5204-24.
- (6) Cost and Schedule Control Systems. Clause at 48 CFR (DEAR) 970.5204-50.
- (7) Cost Accounting Standards. Clause at FAR 52.230-2, as prescribed in 48 CFR (DEAR) 970.30.
- (8) **** Davis-Bacon Act**. Clauses as directed at FAR 22.407, and following the requirements of FAR 22.4 to the same extent that they would apply if the subcontract had been directly awarded by DOE 48 CFR (DEAR) Subpart 922.4 and 48 CFR (DEAR) 970.2273 provide guidance to assist in determining the applicability of these regulations.
- (9) ***Employment of the Handicapped**. Clause at FAR 52.222-36, and follow the requirements of FAR 22.14.
- (10) ****Environmental and Occupational Safety and Health**. Clauses as prescribed in 48 CFR (DEAR) 970.2303-2.
- (11) ***Equal Employment Opportunity**. Clauses as prescribed in FAR 22.810, as applicable, and follow the requirements of FAR 22.8, 48 CFR (DEAR) 922.8, E.O. 11246 and 40 CFR Part 60.
- (12) Reserved.
- (13) Foreign Travel. Clause at 48 CFR (DEAR) 970.5204-52.
- (14) ****Nuclear Hazards Indemnity**. Clause at 48 CFR (DEAR) 970.2870.
- (15) ****Organizational Conflicts of Interest**. Clause at 48 CFR (DEAR) 952.209-72.
- (16) ****Patent, Data and Copyrights**. Appropriate clauses as required by 48 CFR (DEAR) Parts 927 and 970.
- (17) ****Printing**. Clause at 48 CFR (DEAR) 970.5204-19.
- (18) ****Privacy Act**. Clauses at FAR 52.224-1 and FAR 52.224-2, and follow the requirements of FAR 24.1.
- (19) ****Accounts, Records and Inspection**. Clause at 48 CFR (DEAR) 970.5204-9.
- (20) ****Safeguarding Classified Information**. Appropriate clauses as prescribed at 48 CFR (DEAR) 970.3404.
- (21) Service Contract Act. Clauses at FAR 52.222-40 and FAR 52.222-41.
- (22) ****Small Business and Small Disadvantaged Business concerns**. Clause at FAR 52.219-9.
- (23) ***Special Disabled and Vietnam Era Veterans**. Clause at FAR 52.223-35, and follow the requirements of FAR Subpart 22.13.
- (24) Taxes. Clause similar to 48 CFR (DEAR) 970.5204-23 Cost-reimbursement. An appropriate tax clause covering tax matters should also be included in fixed-price subcontracts.
- (25) Termination. Appropriate clause or clauses as set forth at FAR 52.249-1 through 52.249-14.

**PART III -- LIST OF OTHER DOCUMENTS,
EXHIBITS AND OTHER ATTACHMENTS**

SECTION J

SECTION J - APPENDIX C

SUBCONTRACTING PLAN FOR SOCIOECONOMIC PROGRAMS

**Pacific Northwest National Laboratory
Subcontracting Plan
for
Fiscal Year 2001**

Socioeconomic Programs

Battelle's policy pledges a strong commitment to involving small, small disadvantaged, women-owned small, and HUBZone small business concerns in the operation of the Pacific Northwest National Laboratory. Battelle supports the socioeconomic objectives of the U.S. Government and recognizes that diversity in subcontracting provides a vital link to the local community, strengthens the economy, and represents best business practices.

In keeping with the above policy, Battelle and the U.S. Department of Energy (DOE) have established the following Subcontracting Plan (this Plan). This Plan shall remain in effect for the period of performance specified in the schedule. The annual goals will be negotiated and established by written agreement between the Contracting Officer and Battelle. The established goals will be incorporated into this Plan by letter and will not require a contract modification.

I. Fiscal Year 2001 Goals

- A. Based on an estimated operating budget for fiscal year 2001 of \$513,000,000 and an estimated adjusted procurement volume of \$97,000,000, Battelle's goals are to -
 1. Award 47.0 percent to Small Business concerns, estimated at \$45,590,000
 2. Award 5.0 percent to Small Disadvantaged Business concerns, estimated at \$4,850,000
 3. Award 5.0 percent to Women-Owned Small Business concerns, estimated at \$4,850,000
 4. Award 2.0 percent to HUBZone Small Business concerns, estimated at \$1,940,000.
- B. The goals and the estimated total dollars to be awarded are based upon a growth situation. When Battelle's financial plan and level of funding are more clearly established, Battelle may choose to submit a revision to this Plan as appropriate with any significant changes. An additional factor is fewer qualified Small, Small Disadvantaged and Women-Owned Small Business sources.
- C. Goals must be realistic to present the proper challenge to staff who are ultimately responsible for goal achievement. The percentage goals in A. above, based on past performance and future projections, will present such a challenge.
- D. These goals are accumulated based on subcontracts and purchase orders placed and do not include other indirect costs. Also the estimate of total dollars to be awarded includes all dollars to be awarded under Contract DE-AC06-76RL01830 with the exception of those dollars awarded to other DOE Integrated Contractors, Battelle Inter-laboratory Authorizations, other Federal Agencies, State and Local Governments, awards to sources directed by DOE, educational institutions, non-profit/not-for-profit organizations, the International Nuclear Safety Program, and firms outside the U.S.A.
- E. The principal products and services to be obtained in support of this Plan are those generally associated with an extremely diverse research and development environment. The business concerns in this Plan will generally supply a major portion of the goods and services listed in Table A.

TABLE A

Subcontracted Effort	SB	SDB	WOSB	HSB
Electrical material and supplies	X	X	X	X
Pumps, gauges and valves	X	X	X	X
Computer equipment and supplies	X	X	X	X
Tooling	X	X	X	X
Aluminum and other metals	X	X	X	X
Laboratory supplies	X	X	X	X
Reproduction supplies	X	X	X	X
Office equipment and supplies	X	X	X	X
Chemicals	X	X	X	X
Building supplies	X	X	X	X
Tools of all types	X	X	X	X
Electrical equipment and parts	X	X	X	X
Services of all types	X	X	X	X
Custodial equipment and supplies	X	X	X	X
Packaging supplies	X	X	X	X
Magnets	X	X	X	X
Welding equipment and supplies	X	X	X	X
Fuels and lubricants	X	X	X	X
Plastic products	X	X	X	X
Auto	X	X	X	X
Bearings	X	X	X	X
Industrial hardware	X	X	X	X
Technical support	X	X	X	X

II. Battelle Subcontracting Plan Administrator

Battelle's Small Business Liaison, Andrea Melius, is responsible to the Manager, Contracts, and will administer this Subcontracting Plan. Any change in the name of the Small Business Liaison will be communicated without delay to the Contracting Officer. Responsibilities of the Small Business Liaison include:

- Serve as Battelle's Small, Small Disadvantaged, Women-Owned Small Business, and HUBZone Small Business Liaison Officer.
- Maintain business directories from Regional Minority Purchasing Councils and other sources to expand and keep current listings of Small, Small Disadvantaged, Women-Owned Small Business, and HUBZone Small Business sources.
- Participate as Battelle representative in Small, Small Disadvantaged, Women Owned Small and HUBZone Small Business Trade Fairs, specifically directed toward offering opportunities for participants to do business with Battelle.
- Participate in trade associations, business development organizations, and conferences to locate and identify Small, Small Disadvantaged, Women-Owned Small, and HUBZone Small Business sources.
- Counsel and discuss subcontracting opportunities with potential Small, Small Disadvantaged, Women-Owned Small, and HUBZone Small Business firms, and arrange appropriate assistance to these firms

as required and practicable.

- Provide statistics to Battelle management on progress toward established goals and recognition of significant Contract Specialist performance in this area.
- Hold periodic training and other meetings with the Contracts staff on the Socioeconomic Programs.
- Conduct periodic meetings and otherwise communicate with Battelle organizational components covering Battelle's Socioeconomic Programs.
- Support Small Business Administration (SBA) activities.

III. Administration of Battelle's Subcontracting Plan

Battelle staff is committed to offering a fair and equitable opportunity for Small, Small Disadvantaged, Women-Owned Small, and HUBZone Small Business concerns, to compete for the goods and services required to support our ongoing research.

Battelle responds either verbally or in writing to each request received from firms that desire an opportunity to compete for purchase order/subcontract business.

A computerized listing of Small and Women-Owned Small Business concerns is maintained by the Contract Support organization. Efforts will begin to add Small Disadvantaged and HUBZone Small Business concerns to this list.

The Small Business Liaison may participate in the screening of purchase requisitions and may add suggested Small, Small Disadvantaged, Women-Owned Small and HUBZone Small Business concerns as potential sources for Contract Specialist consideration.

Staff members are encouraged to use the Procurement Automated Source System established by the SBA and have been advised of and have electronic access to the SBA's new Pro-Net internet-based electronic search tool for locating Small, Small Disadvantaged, Women-Owned Small and HUBZone Small Business businesses.

When appropriate, procurements may be synopsized in the *Commerce Business Daily* in an effort to locate additional qualified Small, Small Disadvantaged, Women-Owned Small, and HUBZone Small Business concerns for participation.

IV. Flow-Down Requirements to Battelle's Subcontractors

Each purchase order/subcontract action \$100,000 and above placed in furtherance of Prime Contract DE-AC06-76RL01830 will include the clause "Utilization of Small Business Concerns."

Lower-Tier Subcontracting Plans are each reviewed and approved by Battelle's Small Business Liaison. Contact is established with the Lower-Tier Subcontractors Plan Administrator to offer assistance in identifying potential Small, Small Disadvantaged, Women-Owned Small Business, and HUBZone Small Business sources and establish quarterly reporting requirements to monitor performance.

Battelle's Procurement Policies Manual contains instructions to staff to include in all solicitations for negotiated procurements amounting to \$500,000, or more, and which will offer subcontracting opportunities, the requirement to develop and adopt a Small Business Subcontracting Plan as required by Battelle's operating contract.

V. Periodic Reporting and Cooperating with DOE and SBA

Battelle will submit such periodic reports, as may be required by DOE or the SBA, in order to determine the extent of compliance with this Subcontracting Plan.

Battelle will cooperate in any studies or surveys conducted by DOE or SBA, by furnishing requested available statistical data.

Battelle will submit Standard Form 294, Subcontracting Report for Individual Contracts, and/or Standard Form 295, Summary Subcontract Report, in accordance with the instructions on the forms or as provided by DOE and will ensure that its subcontractors agree to submit Standard Forms 294 and 295.

VI. Maintaining Records

Computerized reports are used to track progress toward achievement of goals. These reports are used to prepare monthly and quarterly reports (more frequent if requested) summarizing activity and progress related to compliance with the Subcontracting Plan.

In support of this Plan, Battelle will maintain the following records:

- Source lists (e.g., PRO-Net), guides and other data that identify Small, Small Disadvantaged, Women-Owned Small Business, and HUBZone Small Business concerns
- Organizations contacted to locate Small, Small Disadvantaged, Women-Owned Small Business, and HUBZone Small Business concerns.
- Records on each subcontract solicitation resulting in an award of more than \$100,000, indicating whether Small, Small Disadvantaged, Women-Owned Small Business, and HUBZone Small Business concerns were solicited and, if not, why not, and, if applicable, the reason award was not made to a small business concern.
- Records of any outreach efforts and contacts with trade associations, business development organizations, and conferences and trade fairs to locate Small, Small Disadvantaged, Women-Owned Small Business, and HUBZone Small Business sources.
- Records of internal guidance and encouragement provided to buyers through (1) workshops, seminars, training, etc., and (2) monitoring performance to evaluate compliance with the program's requirements.
- On a contract-by-contract basis, records to support award data submitted by the offeror to Battelle, including the name, address, and business size of each subcontractor.

Plan Approval: _____ Date: 11-7-00
Contracting Officer

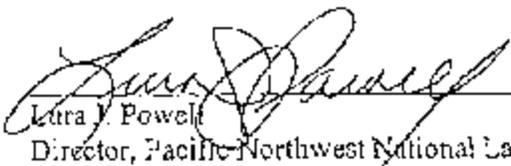
APPENDIX E
STANDARDS OF PERFORMANCE-BASED FEE

FY 2001
BATTELLE PERFORMANCE EVALUATION AND FEE AGREEMENT
For
Management and Operations of the
Pacific Northwest National Laboratory



Keith A. Klein
Manager, DOE-RI.

11/27/00
Date



Laura Y. Powell
Director, Pacific Northwest National Laboratory

11/28/00
Date

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INTRODUCTION

This document describes the basis for the evaluation of the Contractor's performance regarding the management and operations of the Pacific Northwest National Laboratory (hereafter referred to as "the Laboratory") for the evaluation period from October 1, 2000, through September 30, 2001. The performance evaluation provides a standard by which to determine whether the Contractor is managerially and operationally in control of the Laboratory and is meeting the requirements of the Department as stipulated within this contract.

This document also describes the distribution of the total available performance-based fee and the methodology for determining the amount of fee earned by the Contractor as stipulated within the clauses B-3 "Estimated Cost and Annual Fee," H-32 "Total Available Fee," H-33 "Conditional Payment of Fee," and I-69 "Allowable Costs and Fee." In partnership with the Contractor and other key customers, the Department of Energy (DOE) Headquarters (HQ) and the Richland Operations Office (RL) have defined the performance expectations that serves as the Contractor's performance-based evaluation and performance-based fee determination.

In a July 13, 1998 memorandum, the Director of the DOE Office of Science (SC) identified high level expectations in six critical areas that SC would use to guide its regular assessment of laboratory performance. These critical areas are Science, Leadership, ES&H, Infrastructure, Business Operations and Stakeholder Relations. The memorandum also noted that SC expects SC/11Q program managers, field offices, and laboratories to work in partnership to develop laboratory specific outcomes, objectives, and performance indicators, which support these high level expectations and to use self-assessment as a tool to ensure desired outcomes and achieve continuous improvement. This performance evaluation plan meets these expectations.

The critical outcomes discussed herein were developed using the SC guidance and site-specific needs for improvement at the Laboratory. The Science and Technological Excellence Critical Outcome addresses performance of outstanding science and leading edge technologies that are critical to DOE's mission and the Nation. This performance plays out in four key areas: the quality of science and technology; the relevance of the programs to DOE missions and national needs; the design, construction and operation of world-class research facilities (as applicable) that are the distinctive signature of the Laboratory; and the effectiveness/efficiency of research program management. In addition, the Scientific & Technological Excellence Critical Outcome addresses the creation of leading edge scientific capabilities to support evolving DOE mission needs and the creation and maintenance of strategic academic partnerships.

The operational areas of environment, safety, and health (ES&H), safeguards and security, business management, and optimization of the Laboratory's facilities and infrastructure, have been captured within a critical outcome entitled "Management and Operations Excellence." The areas of economic development and the activities necessary to attract, develop and retain staff critical to operating a world-class laboratory are captured within the Leadership Excellence Critical Outcome.

For FY 2001 the overall performance against the Critical Outcomes will be utilized to determine the amount of the total available fee earned by the Contractor as stipulated within the contract clause "Allowable Costs and Fee." Battelle may receive a performance-based fee of up to \$7,000,000.00 based on the overall Contractor performance rating.

Section I of this Performance Evaluation and Fee Agreement provides information on how the overall performance rating for the Contractor, as well as how the performance-based fee earned (if any) will be determined.

Section II provides the detailed information concerning critical outcomes, objectives, performance indicators, and expectations of performance, along with the weightings assigned to each and a table for calculating the final score for each objective and outcome.

Section III describes the commitments for documenting and reporting the Laboratory's self-evaluation.

I. DETERMINING THE CONTRACTOR'S PERFORMANCE RATING AND PERFORMANCE-BASED FEE

The overall FY 2001 Battelle performance rating will be determined based on the ratings of the Scientific and Technological Excellence, Management and Operations Excellence, and Leadership Excellence Critical Outcomes in accordance with Table A below. The total points derived will be compared to the scale in Table B, below, to determine the overall Contractor adjectival rating for FY 2001 and to Table C to determine the amount of performance-based fee earned. Each Critical Outcome is composed of two or more Objectives and each Objective has two or more indicators, which are designed to ensure the Contractor is meeting the Objective. The following describes the methodology for determining the Contractor rating:

Performance Evaluation Metrics:

Each of the performance indicators has an associated metric accompanied by a scale that translates the level of performance to an adjectival rating. Unless otherwise specified for a given indicator, the scoring methodology for the assessment process is based upon the adjectival rating definitions and value points identified in Figure I-1.

<u>Adjective</u>	<u>Value Point</u>	<u>Definition</u>
Outstanding	5	Significantly exceeds the standards of performance, achieves noteworthy results, accomplishes very difficult tasks in a timely manner.
Excellent	4	Exceeds expectations and standards of performance, accomplished difficult tasks in a timely manner, and minor deficiencies are more than offset by better performance in other areas.
Good	3	Meets expectations and standards of performance, tasks are carried out in an efficient and timely manner; deficiencies do not affect overall performance.
Marginal	2	Below the standards of performance, deficiencies cause serious delays and re-scheduling, schedules are adversely affected.
Unsatisfactory	1	Well below standards of performance, deficiencies cause serious delays and re-scheduling, corrective action requires high-level management attention.

Figure I-1 - Adjectival Rating Definitions and Value Points

Calculating the Overall Contractor Adjectival Rating:

The adjectival rating earned for each performance indicator is assigned the earned value points per Figure I-1 above. The objective rating is then computed by multiplying the value points by the weight of each performance indicator within an objective. These values are then added together to develop an overall score for each Objective. The score for each objective within an outcome is computed in the same manner and is used to develop a score for each Outcome. A set of tables is provided at the end of each Critical Outcome section of this document to assist in the calculation of Indicator scores to Objective scores to the Outcome score. Utilizing Table A, below, the scores for each of the outcomes are then multiplied by the weight assigned and these are summed to provide an overall score for the Contractor. The total Contractor score is compared to the adjectival rating scale found in Table B, below, to determine the overall Contractor adjectival rating for fiscal year 2001.

An adjectival rating may be identified at any level of the performance evaluation process (Outcome, Objective, or Indicator). However, the raw score (rounded to the nearest hundredth) from each calculation shall be carried through to the next stage of the calculation process. The raw score will be rounded to the nearest tenth of a point for purposes of identifying the Laboratory's overall adjectival rating as indicated in Table B and for fee determination as indicated in Table C. A standard rounding convention of x.44 and less rounds down to the nearest tenth (here, x.4), while x.45 and greater rounds up to the nearest tenth (here, x.50).

Determining the Amount of Performance-Based Fee Earned:

The total performance-based fee earned is determined based on the overall Contractor weighted score for fiscal year 2001 as indicated within Table A and then compared to Table C.

Critical Outcome	Value Points	Adjectival Rating	Weight	Weighted Score	Total Score
Science & Technological Excellence			60%		
Management and Operations Excellence			25%		
Leadership Excellence			15%		
				Total Score	

Table A: FY 2001 Contractor Evaluation Score Calculation

Total Score	5.0 - 4.5	4.4 - 3.5	3.4 - 2.5	2.4 - 1.5	<1.5
Final Rating	Outstanding	Excellent	Good	Marginal	Unsatisfactory

Table B: FY 2001 Contractor Adjectival Rating Scale

Adjectival Rating	Overall Weighted Score from Table A.	Percent of Fee Earned of \$ 7,000,000.00
Outstanding	4.5 or above	100%
Excellent	4.2 - 4.4	55%
	3.9 - 4.1	50%
	3.5 - 3.8	85%
Good	3.4 through 2.5	50%
Marginal or below	2.4 or below	50.00

Table C: Performance-Based Fee Earned Scale

Adjustment to the Adjectival Rating and Performance-Based Fee Determination:

Not including a performance indicator in this Agreement or a self-assessment plan does not diminish the need to comply with minimum contractual requirements. Although the performance-based critical outcomes and their corresponding objectives/indicators shall be the primary means utilized in determining the Contractor's performance rating and amount of performance-based fee earned, the Head of Contracting Authority may adjust the rating and/or reduce or increase the otherwise earned fee based on the Contractor's performance against all contract requirements as set forth in clause H-33 "Conditional Payment of Fee". In order for the Contractor to receive all otherwise earned fee, the Contractor must meet the minimum performance requirements as set forth in clause H-33 "Conditional Payment of Fee."

Adjustments, if necessary, will be based upon the review of the Contractor's self-assessment report, performance against contract requirements, and results from any of the following activities:

1. Operational awareness (daily oversight) activities performed throughout the year;
2. For Cause reviews;
3. Other outside agency reviews (OIG, GAO, DCAA, etc.) conducted throughout the year, and
4. Annual 2-week review (if needed).

The final Contractor performance-based rating and fee earned determination will be contained within a year-end report, documenting the results from the DOE review. The report will identify areas where performance improvement is necessary and, if required, provide the basis for any performance-based rating and/or fee adjustments.

II. CRITICAL OUTCOMES, OBJECTIVES & PERFORMANCE INDICATORS

Background

To ensure both the short and long-term ability of the Laboratory to meet DOE mission needs and to provide high-value products and services to the DOE and other customers, the DOE-HQ and the RI Office of Assistant Manager for Science and Technology (AMT), in partnership with the Contractor, evaluated DOE and other customer needs and current operating environments to develop the Laboratory's three Critical Outcomes. While they are validated annually the Critical Outcomes typically have a 3-5 year time horizon.

The outcome-oriented approach focuses the evaluation of the Contractor's performance against these Critical Outcomes. Progress against these outcomes is measured through the use of a set of performance indicators, both objective and subjective, that focus primarily on end-results or impact and not on processes or activities. On occasion however, it is necessary to include a process-oriented measure into the suite of performance indicators when the Laboratory is developing a system or process that does not currently exist but will be of significant importance to the DOE and the Laboratory when completed. In this case, it is anticipated that the process indicator will result in outcomes that will be tracked in the following year.

Change Control

While the Critical Outcomes described herein represent the current set for the Contractor they can also be changed as prevailing scientific, and/or economic factors change. When this happens, the objectives and the resulting performance indicators will be revised to ensure movement of the Laboratory in a direction consistent with the expectations of its customers. The content of this document will be managed via formal change control. Changes to the FY 2001 Performance Evaluation and Fee Agreement will be documented by completing the Change Control Tracking Sheet. The sheet is self-explanatory and requires the concurrence of both the DOE AMT and the Contractor Critical Outcome Owners as well as a documented description of the proposed modification and a documented rationale for the modification to include what effects (if any) the change may have on the ability for the Contractor to earn performance based fee. A change to the Critical Outcomes also requires the review/concurrence of HQ Office of Science (SC). In addition, SC will be notified of changes to any Objectives.

Once the Critical Outcome Owners have concurred with the modification, DOE staff shall forward the form with the prescribed attachments to the Contract Administration Manager, at mail stop K8 50. Contractor staff shall forward the change control form, with attachments, to the PNNL Performance Measurement Process Administrator, at mail stop K1-30. They shall ensure that all required information has been provided and that both Critical Outcome Owners (DOE and Contractor) and as required HQ SC have concurred in the change. The change will then be given a formal Change Control number and final AMT and Contractor approvals will be obtained, as necessary, to include Contracting Officer approval. Once approved appropriate modifications to this appendix will be prepared and issued via a contract modification.

The above process is the preferred method for incorporating changes to this document, however, if the Parties cannot reach agreement on the changes to critical outcomes, objectives, performance indicators, and/or expected levels of performance, the Contracting Officer shall have the unilateral right to change the performance plan in accordance with clause H-32 "Total Available Fee" within this contract.

Critical Outcomes, Objectives, and Performance Indicators

The following sections describe the Critical Outcomes, their supporting objectives, and associated performance indicators for FY 2001. A list of the Battelle and DOE Points of Contact for each outcome, objective and performance indicator, shall be developed and maintained by both parties and shall be distributed to all points-of-contact and others as appropriate.

1.0 SCIENTIFIC AND TECHNOLOGICAL EXCELLENCE (60%)

Battelle will conduct high quality, leading edge, scientific research and development programs in a safe, environmentally sound and efficient manner.

The weight of this outcome is 60%.

The Scientific and Technological Excellence critical outcome shall measure the overall effectiveness/ performance in delivering science and technology as viewed by the DOE HQ Office of Science's (SC), and other cognizant HQ Program Offices as identified below. The overall rating from each of the HQ Program Offices has been weighted primarily based on business volume.

- Office of Science (SC) (30%)
- Assistant Secretary for Environmental Management (EM) (25%)
- Office of Defense Nuclear Nonproliferation (NN) (15%)
- Office of Intelligence (IN) (5%)
- Office of Counterintelligence (CN) (5%)
- Assistant Secretary for Energy Efficiency and Renewable Energy (EE) (10%)
- Assistant Secretary for Fossil Energy (FE) (10%)

The overall performance rating for this outcome will be determined by multiplying the overall value points assigned by each of the seven offices identified above by the weightings identified for each and then summing them (see Table 1.1 below). The overall value points earned are then compared to Table 1.2 to determine the overall adjectival rating.

The combined weight of Objectives 1.1 through 1.4, following, is 85% of this Critical Outcome.

Each of the HQ Program Office evaluations shall include/address the following objectives, as applicable:

1.1 Quality of Science & Technology

Reviewers will evaluate the overall quality of the research performed. Depending on the nature of the program, reviewers will consider the following:

SCIENCE: Success in producing original, creative scientific output that advances fundamental science and opens important new areas of inquiry; success in achieving sustained progress and impact on the field; and recognition from the scientific community, including awards, peer-reviewed publications, citations, and invited talks.

TECHNOLOGY: Whether there is a solid technical base for the work; the intrinsic technical innovativeness of the research; the importance of contributions made to the scientific and engineering knowledge base underpinning the technology program; and recognition from the technical community.

1.2 Relevance to DOE R&D Portfolios and National Needs

Reviewers will consider whether the research fits within and advances the missions of DOE; contributions to U.S. leadership in international scientific and technical communities; contributions to the goals and objectives of the strategic plans of DOE and other national programs; and the extent of productive interaction with other science and technology programs. Depending on the nature of the program, reviewers will consider the following:

SCIENCE: The program's track record of success in making scientific discoveries of technological importance to DOE missions and U.S. industry; the degree of industrial interest in follow-on development of current research results; and the effective use of national research

facilities that serve the needs of a wide variety of scientific users from industry, academia, and government laboratories.

TECHNOLOGY: The value of successfully developing pre-commercial technology, to DOE, other federal agencies, and the national economy; the extent to which expected benefits justify the program's risks and costs; and, where appropriate, the degree of industrial interest, participation, and support.

1.3 Success in Constructing and Operating Research Facilities

Reviewers will consider whether the construction and commissioning of new facilities is on time and within budget; whether performance specifications and objectives are achieved; the safe, reliable, and environmentally responsible operation of facilities; adherence to planned schedules; and the cost-effectiveness of maintenance and facility improvements.

Reviewers of user facilities will also consider whether the user access program is effective, efficient, and user-friendly; the quality of the proposal evaluation process; the strength and diversity of user participation; the productivity of the research supported, both in science and technology; and the level of satisfaction among user groups.

1.4 Effectiveness and Efficiency of Research Program Management

Reviewers will consider the quality of research plans; whether technical risks are adequately considered; whether use of personnel, facilities, and equipment is optimized; success in meeting budget projections and milestones; the effectiveness of decision-making in managing and redirecting projects; success in identifying and in avoiding or overcoming technical problems; the effectiveness with which technical results are communicated to maximize the value of the research results and to gain appropriate recognition for DOE and the Laboratory; effectiveness in technical know-how associated with research discoveries; and, the degree to which customer and stakeholder expectations are consistently met.

1.5 Create leading-edge scientific capabilities to support evolving DOE Mission needs

The weight of this objective is 10%.

1.5.1 Progress against Environmental Health Initiative expected outcomes

The weight of this indicator is 40%.

Description: This indicator measures progress against the expected outcomes listed in the FY 2001 Environmental Health Initiative project plan. This plan will be revised, as necessary, prior to the end of the 1st Quarter of FY 2001, once funding for the initiative has been determined. Initiative leadership will review the proposed outcomes and associated indicators, as they are developed, with a designated DOE-RL point of contact. DOE-RL and the Contractor will close on a set of indicators that represent the principal areas of accomplishment (outcomes) desired for the initiative. The final set of outcomes and associated indicators will be documented via a memorandum of understanding between DOE-RL and Battelle by the end of the 1st Quarter of FY 2001.

Assumptions: Performance against this indicator is dependent upon authorized funding for the FY 2001 fiscal year.

Definitions: Initiative leadership may include the Contractor Level 1 Steward for the initiative, the overall initiative leader, the leader of the initiative's technical program, and possibly a deputy leader.

Performance Evaluation: Initiative leadership will involve the DOE-RL point of contact in the progress reviews normally scheduled for the initiative. If the DOE-RL point-of-contact determines that the normal reviews are insufficient, the DOE-RL and the Contractor may choose to form a review group, which will include representatives of the Contractor, DOE-RL, and possibly the HQ Office of Science. Using input from the reviews, DOE-RL and Contractor staff will prepare a short written report on progress against the previously established indicators. The adjectival rating will be established by DOE-RL for this indicator using the evaluation scheme identified within Section I of Appendix B (page I-E-2).

1.5.2 Progress against Computational Sciences Initiative expected outcomes

The weight of this indicator is 35%.

Description: This indicator measures progress against the expected outcomes listed in the FY 2001 Computational Science Initiative Project Plan. This plan will be revised, as necessary, prior to the end of the 1st Quarter of FY 2001, once funding for the initiative has been determined. Initiative leadership will review the proposed outcomes and associated indicators, as they are developed, with a designated DOE-RL point of contact. DOE-RL and the Contractor will close on a set of indicators that represent the principal areas of accomplishment (outcomes) desired for the initiative. The final set of outcomes and associated indicators will be documented via a memorandum of understanding between DOE-RL and Battelle by the end of the 1st Quarter of FY 2001.

Assumptions: Performance against this indicator is dependent upon authorized funding for the FY 2001 fiscal year.

Definitions: Initiative leadership may include the Contractor Level 1 Steward for the initiative, the overall initiative leader, the leader of the initiative's technical program, and possibly a deputy leader.

Performance Evaluation: Initiative leadership will involve the DOE-RL point of contact in the progress reviews normally scheduled for the initiative. If the DOE-RL point-of-contact determines that the normal reviews are insufficient, the DOE-RL and the Contractor may choose to form a review group, which will include representatives of the Contractor, DOE-RL, and possibly the HQ Office of Science. Using input from the reviews, DOE-RL and Contractor staff will prepare a short written report on progress against the previously established indicators. The adjectival rating will be established by DOE-RL for this indicator using the evaluation scheme identified within Section I of Appendix B (page I-E-2).

1.5.3 Progress against the Nanoscience and Technology expected outcomes

The weight of this indicator is 25%.

Description: This indicator measures progress against the expected outcomes listed in the FY 2001 Nanosciences and Technology Initiative project plan. This plan will be revised, as necessary, prior to the end of the 1st Quarter of FY 2001, once funding for the initiative has been determined. Initiative leadership will review the proposed outcomes and associated indicators, as they are developed, with a designated DOE-RL point of contact. DOE-RL and the Contractor will close on a set of indicators that represent the principal areas of accomplishment (outcomes) desired for the initiative. The final set of outcomes and associated indicators will be documented via a memorandum of understanding between DOE-RL and Battelle by the end of the 1st Quarter of FY 2001.

Assumptions: Performance against this indicator is dependent upon authorized funding for the FY 2001 fiscal year.

Definitions: Initiative leadership may include the Contractor Level 1 Steward for the initiative, the overall initiative leader, the leader of the initiative's technical program, and possibly a deputy leader.

Performance Evaluation: Initiative leadership will involve the DOE-RL point of contact in the progress reviews normally scheduled for the initiative. If the DOE-RL point-of-contact determines that the normal reviews are insufficient, the DOE-RL and the Contractor may choose to form a review group, which will include representatives of the Contractor, DOE-RL, and possibly the HQ Office of Science. Using input from the reviews, DOE-RL and Contractor staff will prepare a short written report on progress against the previously established indicators. The adjectival rating will be established by DOE-RL for this indicator using the evaluation scheme identified within Section I of Appendix E (page J-E-2).

1.6 Create and maintain strategic academic partnerships that strengthen scientific capabilities and demonstrate leadership in educating future scientists

The weight of this objective is 5%.

PNNL is implementing science education programs with partnering school districts to develop K-12 educators (1.6.1.1) and K-20 students (1.6.1.2), and is developing partnerships with colleges and universities (1.6.2) to create a "pipeline" for educating and supplying next generation scientists to work on present and future research grand challenges at PNNL.

1.6.1 Impacts of the Laboratory's K-20 science education programs

The weight of this indicator is 65%.

Description: This indicator is a composite of two sub-indicators. Each sub-indicator will be evaluated separately based on the adjectival scale specified. Their corresponding numerical ratings will be averaged to develop a numerical rating for indicator 1.6.1.

Sub-indicator 1.6.1.1: Impacts of Laboratory-sponsored programs for K-12 teachers of science, mathematics, and technology education in partner school districts

The weight of this sub-indicator is 65%.

Assumptions: None

Performance Evaluation: This indicator will be measured through the use of a survey to be administered to all program participants. Teacher surveys will gather information about the impact that Laboratory-sponsored programs have on teachers' knowledge, skills and ability to transfer what they learn in the Laboratory experience to the classroom. Three questions, using a four-point Likert Scale, will be used to determine impacts. The questions to be utilized for each program are:

- **CONTENT KNOWLEDGE**
 - Partnership for Arid Land Stewardship (PALS) Teacher Institute – The PALS experience enabled me to develop greater content knowledge of arid lands ecology.
 - Pre-Service Teacher (PST) Project – The research experience enabled me to develop greater content knowledge about current science and technology.

- **Scientist-Student-Teacher (SST) High School Research Project** – The research experience enabled me to develop greater content knowledge about current science and technology.
- **Teacher Research Participation (TRP) Program** – The research experience enabled me to develop a greater content knowledge about current science and technology.
- **SKILLS STATEMENTS**
 - **PALS** – The PALS experience provided me with opportunities to develop new science skills and strategies.
 - **PST** – The research experience provided opportunities for me to develop new science and technology skills and practices.
 - **SST** – The research experience provided opportunities for me to develop new science and technology skills and practices.
 - **TRP** – The research experience provided opportunities for me to develop new science and technology skills and practices.
- **TRANSFER TO THE CLASSROOM STATEMENTS**
 - **PALS** – I learned information, skills and strategies I can transfer to my classroom to promote using arid lands ecology as a vehicle for teaching science, math, social studies, etc.
 - **PST** – The summer experience will assist me in implementing new learning strategies in the classroom.
 - **SST** – The research experience combined with leadership development activities provided by Science Education Programs staff and Laboratory scientists helped me to plan how to transfer what I learned to my classroom.
 - **TRP** – The research experience will help me in my efforts to connect academic learning to the world beyond the classroom.

For each participant's evaluation, the sum of the answers to the 3 questions is calculated (a total of 12 possible points).

Outstanding:	85% of participants' evaluations received have a sum of 10 or higher (out of a possible 12 points)
Excellent:	80% of participants' evaluations received have a sum of 9 or higher (out of a possible 12 points)
Good:	70% of participants' evaluations received have a sum of 9 or higher (out of a possible 12 points)
Marginal:	60% of participants' evaluations received have a sum of 8 or higher (out of a possible 12 points)
Unsatisfactory:	50% of participants' evaluations received have a sum of 7 or higher (out of a possible 12 points)

Sub-indicator 1.6.1.2: Impacts of Laboratory-sponsored programs for secondary and post-secondary students in the areas of science, mathematics, engineering and technology

The weight of this sub-indicator is 35%.

Assumptions: None

Performance Evaluation: This indicator will be measured through the use of a survey to be administered to all program participants. Student surveys/questionnaires will gather information about the impact that Laboratory-sponsored programs have on students' knowledge, skills, and their decision to pursue (or not pursue) a science-related career or course of study. Three questions, using a four-point Likert Scale, will be used to determine impacts.

- CONTENT KNOWLEDGE
 - The research experience enabled me to develop greater content knowledge about current science and technology.

- SKILLS
 - The research experience provided opportunities for me to develop my science and technology skills.

- CAREER
 - Choose the statement that best reflects your situation. Once you choose a statement, indicate on a scale of one to four (1 being low impact and 4 being high impact) how much of an impact this experience had on you.
 - a. The research experience had an impact on my decision to pursue a science-related career or course of study.
 - b. The research experience had an impact on my decision to continue to pursue a science-related career or course of study.
 - c. The research experience had an impact on my decision to not pursue a science-related career or course of study.
 - d. I had already decided to pursue a science-related career or course of study, but the research experience still had an impact on me.

Outstanding:	75% of participants' evaluations have a sum of 10 or higher (out of a possible 12 points)
Excellent:	70% of participants' evaluations have a sum of 9 or higher (out of a possible 12 points)
Good:	70% of participants' evaluations have a sum of 8 or higher (out of a possible 12 points)
Marginal:	65% of participants' have a sum of 7 or higher (out of a possible 12 points)
Unsatisfactory:	60 % of participants' have a sum of 6 or higher (out of a possible 12 points)

1.6.2 The impact of university partnerships on Laboratory research

The weight of this indicator is 35%.

Description: One of the key avenues for developing relationships, but by no means the only avenue, is the development of Joint Research Institutes (JRIs) with selected colleges and universities. This indicator will evaluate the overall impact of partnerships developed with colleges and universities on Laboratory research.

Assumptions: None.

Performance Evaluation:

- Outstanding:** A detailed report on the mechanics of establishing a JRI is completed and used as a basis for JRI negotiations. Meaningful progress is made on targeted education activities with a specific JRI, as tracked and reported through a multi-parameter performance database.
- Excellent:** Report is completed on the mechanics of establishing a JRI and a general plan is in final negotiation on education activities within the general JRI framework.
- Good:** Efforts to understand the mechanics of establishing a JRI are ongoing and discussion is underway to describe the educational activities that will take place in the JRI.
- Marginal:** Efforts to understand the mechanics of establishing a JRI are ongoing and discussion has yet to be initiated to describe the educational activities that will take place in the JRI.
- Unsatisfactory:** Neither efforts to understand the mechanics of establishing a JRI are ongoing nor is discussion underway to describe the educational activities that will take place in the JRI.

HQ Program Office	Adjectival Rating	Value Points	Weight	Weighted Score	Overall Weighted Score
Office of Science			30%		
Assistant Secretary for Environmental Management			25%		
Office of Defense Nuclear Nonproliferation			15%		
Office of Intelligence			5%		
Office of Counterintelligence			5%		
Assistant Secretary for Energy Efficiency and Renewable Energy			10%		
Assistant Secretary for Fossil Energy			10%		
				Overall Program Office Total	

Table 1.1: Objectives 1.1 through 1.4 Scientific and Technological Excellence Evaluation Score Calculation for Program Offices.

ELEMENT	Adjectival Rating	Value Points	Weight	Weighted Score	Overall Weighted Score
1.6.1 Impacts of the Laboratory's K - 20 science education programs					
1.6.1.1 Impacts of Laboratory-sponsored programs for K-12 teachers of science, mathematics, and technology education in partner school districts			65%		
1.6.1.2 Impacts of Laboratory-sponsored programs for secondary and post-secondary students in the areas of science, mathematics, engineering and technology			35%		
				Overall Indicator 1.6.2 Total	

Table 1.2: Performance Indicator 1.6.2 Overall Score Calculation

ELEMENT	Adjectival Rating	Value Points	Indicator Weight	Total Points	Objective Weight	Total Points
Objectives 1.1 through 1.4: Program Office Total Scores (from Table 1.1)					85%	
1.5 Create leading-edge scientific capabilities to support evolving DOE Mission needs.						
1.5.1 Progress against Environmental Health Initiative expected outcomes			40%			
1.5.2 Progress against Computational Sciences Initiative expected outcomes			33%			
1.5.3 Progress against the Nanoscience and Technology expected outcomes			25%			
Obj 1.5 Total					10%	
1.6 Create and maintain strategic academic partnerships that strengthen scientific capabilities and demonstrate leadership in educating future scientists						
1.6.1 Impacts of the Laboratory's K-20 science education programs			65%			
1.6.2 The impact of university partnerships on Laboratory research			35%			
Obj. 1.6 Total					5%	
Critical Outcome Total						

Table 1.3: Science and Technological Excellence Critical Outcome Overall Score Calculation

Total Score	5.0 - 4.5	4.4 - 3.5	3.4 - 2.5	2.4 - 1.5	<1.5
Final Rating	Outstanding	Excellent	Good	Marginal	Unsatisfactory

Table 1.4: Scientific and Technological Excellence Critical Outcome Final Rating

2.0 Management and Operations Excellence Critical Outcome (25%)

Battelle will manage and operate PNNL with distinction, becoming the DOE benchmark standard for Laboratory management, providing stewardship of DOE's assets and protecting the health and safety of workers, the public and the environment.

The weight of this outcome is 25%.

The Management and Operations Excellence Critical Outcome shall measure the overall effectiveness/performance of a number of aspects of Laboratory operations including Integrated Safety Management (ISM), business management, Safeguards and Security, capability alignment with current and future mission needs, and the development of an integrated management system capable of delivering products and services and complying with applicable requirements as viewed by the Office of Assistant Manager for Science and Technology (AMT), and other cognizant RL and/or HQ organizations. Performance objectives and indicators to be utilized in the evaluation of the Management and Operational Excellence critical outcome have been developed in partnership with the appropriate DOE HQ, AMT, and RL counterparts and are listed below. These performance objectives and indicators identify significant activities/requirements important to the success of the Laboratory's operations as identified by the Department and/or its customers. The reviewers (AMT, RL and/or HQ) as a primary means of determining the overall Management and Operations Excellence Critical Outcome performance rating shall utilize these objectives and indicators.

Each of the performance indicators has an associated performance evaluation metric that translates the level of performance to an adjectival rating. Scoring of the individual performance indicators is based on the point scheme identified within section 1 of this document. The overall adjectival rating is then computed by multiplying the weight of each performance indicator, and summing them all to develop an overall score for each objective. The score for each objective within the outcome is then computed in the same manner to arrive at an overall score for the Outcome (see Table 2.1). The overall value points earned are then compared to Table 2.4 to determine the overall adjectival rating.

Objectives and Performance Indicators:

2.1 Provide management and operational excellence in achieving key contract provisions

The weight of this objective is 40%.

2.1.1 Effectiveness of Integrated Safety Management

The weight of this indicator is 25%.

Description: This indicator is a composite of Performance Measures designed to provide an overall picture of the effectiveness of integrated Safety Management.

Performance Measures	Specified Level
Total Recordable Case Rate	≤ 2.2 cases per 200,000 work hours
Lost Workday Case Incident Rate	≤ 1.1 cases per 200,000 work hours
Reportable Occurrences of Release to the Environment	≤ 2 events
Percent of Employees with Required Training	≥ 95%
Unplanned Dose	0 events
Spread of Radioactive Contamination	≤ 3 events
Loss of Control of Radioactive Material	≤ 1 loss

Total Recordable Case Rate: Work-related injury or illness, which resulted in loss of consciousness, restriction of work or motion, transfer to another job, or required medical

treatment beyond first aid. Total Recordable Case (TRC) Rate is the number of total recordable cases per 200,000 hours worked. Source of data, PNNL SHIMS.

Lost Workday Case Incident Rate: Work-related injury or illness, which resulted in days away from work and/or days of restricted work activity. Lost Workday Case Incident Rate is the number of lost workday cases per 200,000 hours worked. Source of data, PNNL SHIMS.

Reportable Occurrences of Release to the Environment: Releases of radionuclides, hazardous substances, or regulated pollutants that are reportable to federal, state, or local agencies. Source of data, review of occurrence reports.

Percent of Employees with Required Training: This is a composite of staff that have completed their training plan and staff who have completed all ES&H required training. Number of staff with a completed SDTP per total staff multiplied by number of staff with all required ES&H training completed per number of staff with completed SDTP. This measure is described in full in the Training and Qualification Management System FY 2000 Performance Measure T&Q-01-7.1. Source of data, T&Q Management System assessment.

Unplanned Dose: Number of unplanned doses defined as: any single occupational dose that exceeds an expected dose by 100 mrem or any single unplanned dose onsite to a minor, student, or member of the public that exceeds 50 mrem. The Specified Level is less than the PNNL average for the past three years.

Spread of Radioactive Contamination: Number of instances of uncontrolled unwanted (i.e., non-legacy) spread of radioactive contamination meeting the criteria of DOE M 232.1-1A, Section 9.3, Group 1D, Off-Normal Event, items 1, 2, 3 or 4.

Loss of Control of Radioactive Material: Number of losses of accountability of a sealed or unsealed radioactive source that meet the following criteria of DOE M 232.1-1A, Section 9.3, Group 1D, Off-Normal Event, items 5 or 6.

Performance Evaluation:

Outstanding: Performance meets or exceeds the specified level, for six or more of the measures
Excellent: Performance meets or exceeds the specified level, for five of the measures
Good: Performance meets or exceeds the specified level, for four of the measures
Marginal: Performance meets or exceeds the specified level, for three of the measures
Unsatisfactory: Performance less than Marginal.

2.1.2 Performance against Business Management sub-indicators

The weight of this indicator is 35%.

Sub-indicator 2.1.2.1: Cost Management Trends: Overhead cost as a percent of Laboratory's 1830 fully burdened average charge out rate

The weight of this sub-indicator is 40%.

Description: The percent of the Laboratory's 1830 fully burdened direct average charge out rate that is overhead versus salary and fringe. It is the goal of the Laboratory to optimize the amount of labor cost charged to customers that is driven by overhead costs compared to the cost of direct salary and fringe. By monitoring the 1830 fully burdened direct average charge out with the two components, overhead vs. salary and fringe, management can demonstrate the impact of pricing and rate decisions to customers.

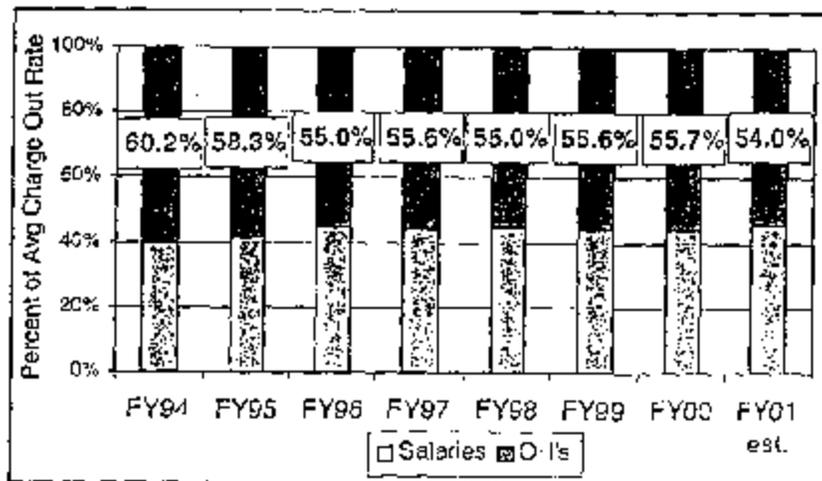


Figure 2.1: Historic Salaries and Overhead Costs as a percent of average charge out rate.

Definitions:

Overhead: All labor, material and other applicable costs, which cannot be identified as directly benefiting a specific project. Allocated at the company or organizational level.

Salaries: The cost specifically associated with staff compensation including fringe benefits.

Fringe: Cost of allowable benefits paid to staff including taxes, insurance, and paid absences such as vacation, holidays and sick time.

1830 Average Charge-Out Rate: The total burdened labor dollars charged direct to 1830 clients divided by the total number of hours associated with these dollars. The rates include the cost of allowable salaries, benefits, and applied overheads.

Assumptions: The FY 2001 estimate is based on the FY 2001 business projections, which include direct funding for waste management, safeguards and security activities and previously funded Hanford Site Services activities. If some or all of this direct funding is not received it will have an unfavorable impact on our FY 2001 estimate and the estimated target will need to be renegotiated and incorporated through the approved change control process.

Performance Evaluation:

Outstanding: FY 2001 overhead costs are 54% or less of the total 1830 average charge out rate.

Excellent: FY 2001 overhead costs are greater than 54% but less than 55% of the total 1830 average charge out rate.

Good: FY 2001 overhead costs are greater than or equal to 55% but less than or equal to 56% of the total 1830 average charge out rate.

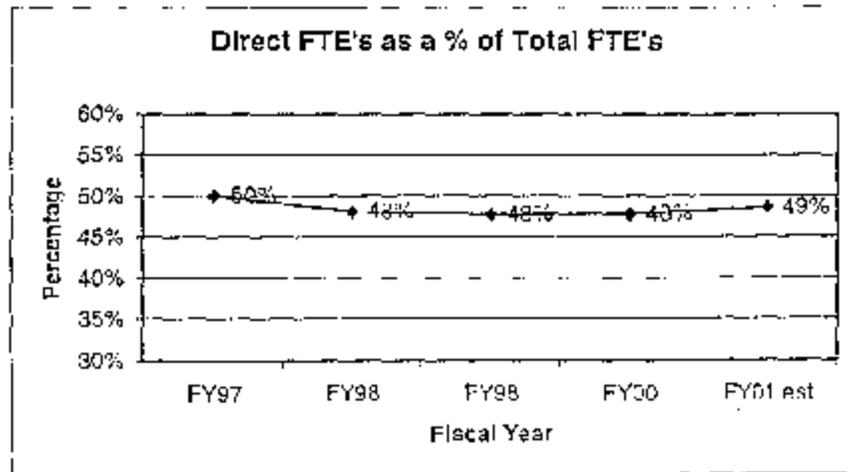
Marginal: FY 2001 overhead costs are greater than 56% but are less than 57% of the total 1830 average charge out rate.

Unsatisfactory: FY 2001 overhead costs are greater than or equal to 57% of the total 1830 average charge out rate.

Sub-indicator 2.1.2.2: Resource Management trends: Direct FTE's as a percent of the total Laboratory FTE's

The weight of this sub-indicator is 40%.

Description: The Contractor's direct FTE's represent the primary indicator of resource deployment to customers. It also represents the primary source of overhead recovery. Monitoring the level of direct FTE's is an institutionalized management practice at the Laboratory. Evaluating direct FTE's relative to the total FTE's available in the Laboratory indicates a measure of the Contractor's resource management.



Data Table	FY97	FY98	FY99	FY00	FY01 est
Direct	1,585	1,514	1,511	1,529	1,569
Total	3,164	3,139	3,184	3,206	3,229
% of Total	50%	48%	48%	48%	49%

Figure 2.2: Historic Levels of Full Time Equivalent (FTE) Employees

Definitions:

Full-Time Equivalent (FTE): Total hours charged by all staff during a particular report period divided by the total number of productive hours available during that period (1,832 hours per fiscal year). Provides an indicator of the equivalent number of full time staff.

Direct FTE: Number of Full-Time Equivalent Staff charged to final cost objectives.

Final cost objective: Source of funding provided directly by a client via a contract.

Assumptions: The FY 2001 FTE assumptions are based on the current FY 2001 business planning projections. Direct FTE's assume direct funding of safeguards and security and waste management activities; if some or all of this funding does not materialize it will have an unfavorable impact on our direct FTE assumption and the estimated target will need to be renegotiated and incorporated through the approved change control process.

Performance Evaluation:

- Outstanding:** FY 2001 direct FTE's are greater than or equal to 49% of the total Laboratory FTE's
- Excellent:** FY 2001 direct FTE's are less than 49% but greater than 48% of the total Laboratory FTE's
- Good:** FY 2001 direct FTE's are less than or equal to 48% but are greater than 47% of the total Laboratory FTE's
- Marginal:** FY 2001 direct FTE's are less than or equal to 47% but are greater than 46% of the total Laboratory FTE's
- Unsatisfactory:** FY 2001 direct FTE's are less than or equal to 46% of the total Laboratory FTE's

Sub-indicator 2.1.2.3: DOE's evaluation of the overall Contractor performance in the business management functional areas

The weight of this sub-indicator is 20%.

Description: This indicator will measure the overall effectiveness/performance of the business management (BMOP) functions in delivering products and services and complying with applicable requirements as viewed by the cognizant DOE RL business management organizations. The BMOP functions include:

DOE-RL	PNNL	BUSINESS MANAGEMENT (BMOP) ACTIVITIES
OSS/PI	Facilities & Operations	1. Administrative Services (including mail, printing, record access and library)
EPI	Education & External Rel.	2. Congressional, Public, and Intergovernmental Affairs (including openness, whistle blower protection, and public participation)
HRM	HR	3. Diversity
BU/D/A&E/FIN	Finance and Internal Audit	4. Finance, Budget, and Internal Audit
OSS	Energy/IT	5. Information Management
IMD	Strat. Planning	6. Laboratory and Institutional Business Planning
HSD/STO	Facilities	7. Life Cycle Asset Management
PRO/OTR	HR	8. Human Resources Management
SES	Security	9. Nonproliferation and National Security which includes the following: - Classification/Declassification - Emergency Management
OTR	Finance	10. Personal Property

DOE-RJ.	PNNL	BUSINESS MANAGEMENT (BMOP) ACTIVITIES
PRO	Legal & Contracts	11. Procurement
IPI	Comm.	12. Scientific and Technical Information Administration
STP	Econ. Dev.	13. Technology Partnerships Administration
OTR	ES&H/T&Q	14. Training
PRO/MD	HR/Econ. Dev.	15. Worker and Community Transition
FIN/STP	Legal & Contracts	16. Work-for-Others Administration

Performance Rating Measurement: Performance against this Performance Indicator will be measured by the averaged adjectival rating assigned to each of the business management functions listed above. Each of the BMOP functional activities reviewed will be asked to provide an adjectival rating as follows:

Outstanding - 5
 Excellent - 4
 Good - 3
 Marginal - 2
 Unsatisfactory - 1

Assumptions: None

Performance Evaluation: The overall business management functions rating will be determined by the average of all reviewed areas per the following rating scale. All business functions shall be weighted equally.

Outstanding = 5.0 - 4.5
 Excellent = 4.4 - 3.5
 Good = 3.4 - 2.5
 Marginal = 2.4 - 1.5
 Unsatisfactory = 1.4 - 1.0

2.1.3 Sustain and enhance effectiveness of Integrated Safeguards and Security (SAS).

The weight of this indicator is 40%.

Sub-indicator 2.1.3.1: SAS is integrated into the culture of the organization for effective deployment of the management system

The weight of this sub-indicator is 40%.

Description: This indicator will assess the degree to which the requirements and practices of the Safeguards and Security management system are integrated into the day-to-day operating culture of the Laboratory. The degree of integration will be determined using the following measures:

- Implementation status of the Integrated SAS Management (ISSM) Action Plan Milestones/Objectives is on track with schedules.

- Customer satisfaction survey relative to SAS knowledge and acceptance/involvement by Laboratory staff has positive results.
- SAS requirements are adequately defined and disseminated to Laboratory staff through regular reviews of SBMS materials and Records of Decision (RODs) are completed (to include completion of funded implementation actions as scheduled).
- Conduct an internal annual assessment to demonstrate the effective deployment of SAS into the organization.

Definitions:

SAS Assets (also referred to as "security interests"): A general term for any DOE or Battelle asset, resource, or property, which requires protection from malevolent acts. It may include (but is not limited to) classified matter, special nuclear material and other nuclear materials, intellectual property and sensitive, business, or technical information, precious metals, high value items, general property and facilities, and controlled substances.

Assumptions: Funding is received as requested. There are no significant changes in requirements. There are no significant changes in SAS assets at the Laboratory.

Performance Evaluation:

- Outstanding: - 95%-100% of Milestones/Objectives for ISSM Action plan are on track with schedules;
- An increase in positive results from the baseline on the customer satisfaction survey relative to SAS ;
- 90%-100% of SBMS materials reviewed, RODs completed and funded implementation actions completed in accordance with schedules; and
- Internal assessment on effective deployment of SAS into the organization is completed as scheduled
- Excellent: - 85%-94% of Milestones/Objectives for ISSM Action plan are on track with schedules,
- Results from customer satisfaction survey relative to SAS remain consistent with baseline survey results;
- 80%-89% of SBMS materials reviewed; RODs completed and funded implementation actions completed in accordance with schedules; and
- Internal assessment on effective deployment of SAS into the organization is completed during FY 2001 with minor schedule delays
- Good: - 75% - 84% of Milestones/Objectives for ISSM Action plan are on track with schedules,
- Results from customer satisfaction survey relative to SAS will not drop more than 10% from the baseline survey results;
- 70%-79% of SBMS materials reviewed; RODs completed and funded implementation actions completed in accordance with schedules; and
- Internal assessment on effective deployment of SAS into the organization is initiated during FY 2001
- Marginal: - Less than 75% of Milestones/Objectives for ISSM Action plan are on track with schedules;
- Results from customer satisfaction survey drop (negative results) more than 10% from baseline survey; and
- Internal assessment on effective deployment of SAS into the organization is planned but not initiated
- Unsatisfactory - No Action taken.

Sub-indicator 2.1.3.2: Safeguards and Security (SAS) training and knowledge are commensurate with assigned responsibilities

The weight of this sub-indicator is 20%.

Description: This indicator will assess the degree to which Line organization staff and management are current with Safeguards and Security training requirements. This is a composite of staff that has completed all annual SAS required training. This will be the number of staff with completed annual SAS training per total staff with annual SAS training requirements documented within their Staff Development and Training Plan (SDTP). Total percentage of completed annual SAS training will be calculated for FY 2001 and Fiscal Year end.

Available SAS training includes:

- Course 000375, Classified Matter Overview, or Course 001079, Detailed Classified Matter Overview, and
- Course 000912, Security Refresher Briefing, for staff with security clearances, or Course 001350, for staff without security clearances.

Assumptions: Funding is received as requested. There are no significant changes in requirements. There are no significant changes in SAS assets at the Laboratory.

Performance Evaluation:

Outstanding:	95% - 100% of the line organization staff and management are current with applicable SAS training requirements
Excellent:	85% - 94% of the line organization staff and management are current with applicable SAS training requirements
Good:	75% - 84% of the line organization staff and management are current with applicable SAS training requirements
Marginal:	60% - 74% of the line organization staff and management are current with applicable SAS training requirements
Unsatisfactory:	Less than 60% of the line organization staff and management are current with applicable SAS training requirements.

Sub-indicator 2.1.3.3: External evaluations of performance in SAS programmatic areas reflect satisfactory protection of assets and compliance (2.1.3.3)

The weight of this sub-indicator is 20%.

Description: This indicator will evaluate the Laboratory's performance in Safeguards and Security programmatic areas of protecting assets and compliance, as measured by external evaluations. Specifically, external evaluations of Safeguards and Security will result in satisfactory or greater composite ratings.

Assumptions: When "a majority" of evaluations is referenced, this refers to minimum of 2 out of 3 (if applicable). Funding is received as requested. There are no significant changes in requirements. There are no significant changes in SAS assets at the Laboratory. At least one external evaluation is conducted.

Performance Evaluation:

- Outstanding:** All external evaluations of SAS result in satisfactory or greater composite ratings. (Satisfactory is the highest rating given by external evaluations in most cases.)
- Excellent:** The majority (defined as 2 out of 3 evaluations, as applicable) of external evaluations of SAS result in satisfactory or greater composite ratings and no evaluations reflect significant SAS concerns (potentially impacting national security).
- Good:** The majority (defined as 2 out of 3 evaluations, as applicable) of external evaluations of SAS result in marginal composite ratings and no evaluations reflect significant SAS concerns (potentially impacting national security). The remaining surveys result in composite rating of satisfactory.
- Marginal:** All external evaluations of SAS result in marginal or below composite ratings and no evaluations reflect significant SAS concerns (potentially impacting national security).
- Unsatisfactory:** All external evaluations of SAS result in unsatisfactory composite ratings and/or one or more reflect significant SAS concerns that impact national security.

Sub-indicator 2.1.3.4: Emerging threats are identified, reported, and mitigated as necessary

The weight of this sub-indicator is 20%.

Description: This indicator will assess the Laboratory's ability to identify, report and mitigate, as necessary, any emerging threats. Performance against this indicator will be measured using the following parameters and the criteria specified in the Performance Evaluation section below.

- Line organizations ensure the number of significant incidents of a security concern, within the control of Battelle with impacts upon the national security, defense, or foreign relations of the United States are minimized and mitigated.
- Security events are reported in a timely manner and managed as required in order to identify and repair weaknesses in procedures and policies that are designed to protect government interests.
- Corrective actions for identified threats or issues are developed and implemented by the line organizations in a timely manner.

Definitions:

Significant incidents of a security concern: Any Security Event which requires notification to DOE, the conduct of an Inquiry, and formal reporting. These events that are within the control of Battelle and that are likely to impact upon the national security, defense, or foreign relations of the United States may include the following:

1. Incidents involving the compromise or potential compromise of classified information:
 - Any classified matter that is missing
 - Any classified matter or information that is compromised or potentially compromised
 - Any attempt to remove, divert, or obtain unauthorized access to any classified matter or information
2. Incidents involving automated information systems:

- Release of classified automated information systems or systems media without appropriate sanitization
- 3. Incidents involving Special Nuclear Materials (SNM), nuclear weapons, or nuclear weapons components:
 - Loss or apparent loss (i.e., lost or unaccounted for, theft, or diversion) of the following:
 1. one or more items for which the items total is a Category I, II, or III quantity of SNM
 2. one or more items of tritium in a test component
 3. one or more items which total 50 grams or more of tritium
 - Evidence that accountability data (e.g., SNM balance data, tritium material balance data, etc.) has been manipulated or falsified to mask a diversion or theft or to alter loss detection sensitivity of SNM, tritium, nuclear weapons, or nuclear weapons components
 - Loss or apparent loss whenever a State, local government, or other Federal agency must be notified.
 - A shipper-receiver difference that exceeds 200 grams of fissile material and the combined limit of error for the shipment

There were 5 events reportable under current criteria in FY 2000 and 7 events reportable under the current criteria in FY 1999. This makes an average of 6 reportable events under current criteria between the past two years. Also refer to the Subject Area, "Security Events" for additional explanation and examples

Assumptions: Funding is received as requested. There are no significant changes in requirements. There are no significant changes in SAS assets at the Laboratory.

Performance Evaluation

- Outstanding** - Line organizations ensure the number of significant incidents of a security concern within the control of Battelle with impacts upon the national security, defense, or foreign relations of the United States are minimized (maintained at a level less than the previous two years/average) and mitigated (i.e., less than 5);
- 100% of the applicable security events are reported and managed as required in a timely manner in order to identify and repair weaknesses in procedures and policies that are designed to protect government interests and
 - When applicable, all (100% of) corrective actions for identified threats or issues are developed and fully implemented by the line organizations in a timely manner and in accordance with internal schedules.
- Excellent:** - Line organizations ensure the number of significant incidents of a security concern within the control of Battelle with impacts upon the national security, defense, or foreign relations of the United States are minimized (maintained at a level equal to the previous two years/average) and mitigated (i.e., 6 events);
- 80%-95% of the applicable security events are reported and managed in a timely manner in order to identify and repair weaknesses in procedures and policies that are designed to protect government interests and
 - When applicable, (80% to 99% of) corrective actions for identified threats or issues are developed and implemented by the line organizations in a timely manner and in accordance with internal schedules.
- Good.** - Line organizations ensure the number of significant incidents of a security concern within the control of Battelle with impacts upon the national security, defense, or foreign relations of the United States are minimized (maintained at

- a level not to exceed 20% greater than the previous two years/average) and mitigated (i.e., 7 events);
 - 70%-79% of the applicable security events are reported and managed in a timely manner in order to identify and repair weaknesses in procedures and policies that are designed to protect government interests;and
 - When applicable, (70%-79% of) corrective actions for identified threats or issues are developed and implemented by the line organizations in a timely manner and in accordance with internal schedules.
- Marginal:**
- Line organizations ensure the number of significant incidents of a security concern within the control of Battelle with impacts upon the national security, defense, or foreign relations of the United States are minimized (maintained at a level not to exceed 40% greater than the previous two years/average) and mitigated (i.e., 8 events);
 - 60-69% of the applicable security events are reported and managed in a timely manner in order to identify and repair weaknesses in procedures and policies that are designed to protect government interests;and
 - When applicable, (60%-69% of) corrective actions for identified threats or issues are developed and/or implemented by the line organizations in a timely manner and in accordance with internal schedules.
- Unsatisfactory:**
- Line organizations ensure the number of significant incidents of a security concern within the control of Battelle with impacts upon the national security, defense, or foreign relations of the United States are minimized (maintained at a level that exceeds 40% of the previous two years/average) and/or are not mitigated (i.e., 9 events or more);
 - Security events are not reported in a timely manner and/or managed as required in order to identify and repair weaknesses in procedures and policies that are designed to protect government interests;and
 - Corrective actions for identified threats or issues are not developed and/or are not implemented by the line organizations in a timely manner, as applicable.

2.2 Optimize capability alignment with current and future mission needs

The weight of this objective is 40%.

Battelle and DOE recognize that they need to work together to ensure that the Laboratory has the capabilities required to meet the Department's current and future mission needs. Their joint efforts need an integrated approach that considers the staff's technical capabilities in close connection with the associated facilities and equipment. The purpose of the indicators under this objective is to track the Contractor's progress in establishing the processes to understand current and future needs and to then obtain or develop the needed capabilities. It is expected that it will take three years to characterize the capability baselines, formalize the necessary planning processes and analyses, and establish the mechanisms to provide staff enhancement and new or refurbished equipment or facilities.

The intent of Indicator 2.2.1 is to establish a process to characterize and assess the adequacy of the Laboratory's principal technical capabilities. The process will build on the existing business planning process and materials to understand the adequacy of staff, facilities, and equipment relative to current and future mission needs. Indicators 2.2.2 and 2.2.3 address the processes Battelle will use to assess the condition of its key research equipment and the effective utilization of the Laboratory's research facilities. The primary focus in FY 2001 is to establish baseline assessments of the Laboratory's capabilities and the basics of the processes needed to analyze these assessments and implement needed capability enhancements. Future years will see enhancements of these processes, establishment of a means for assessing their effectiveness, and positive progress on developing the Laboratory's

capabilities. The processes will be fully integrated into the Contractor's planning process and the appropriate parts of the Standards Based Management System (SBMS).

2.2.1 Develop and establish a process for characterizing the Laboratory's technical capabilities

The weight of this indicator is 40%.

Description: This indicator measures Battelle's ability to assess the Laboratory's current capabilities relative to DOE's current and future science and technology needs and to establish processes to respond to those assessments. The indicator involves analyses of the Laboratory's Technical Network and other business plans, as well as other inputs on adequacy of the key capability components of staff, equipment, and facilities. The analyses are intended to identify capability gaps or mismatches. The indicator will eventually involve the establishment of processes to close the identified gaps and remove the mismatches, with the goal of ensuring that the Laboratory has the required capabilities available when needed by DOE's multiple mission areas.

Definitions:

Technical capabilities: Facility, equipment, and staff scientific and engineering skills necessary to meet mission needs.

Assumptions: Building on existing technical capability analyses, it is expected to take three years to completely develop and integrate this approach into the Laboratory's planning processes. With FY 2001 being the first year of this three-year process, initial efforts will focus on developing data collection processes. Efforts in FY 2002 will focus on the implementation of processes, and efforts in FY 2003 will evaluate the effectiveness of the processes. Further, it is assumed that the analysis and representation of capabilities, for purposes of this performance indicator, will have a Laboratory focus, but will evolve to include capabilities that can be developed through collaborations with others.

Performance Evaluation:

- Outstanding:**
- Approach defined;
 - Analysis of FY 2001 Network and other business plans completed and capability gaps identified;
 - Approach refined, documented and used in next planning cycle; and
 - Actions taken to close gaps identified in some areas. Could include training, LDRD investment, equipment purchases, facility refurbishment, etc.
- Excellent:**
- Approach defined;
 - Analysis of FY 2001 Network and other business plans completed and capability gaps identified; and
 - Approach refined, documented and used in next planning cycle - Could include revision of planning templates, training, scheduled planning sessions, etc.
- Good:**
- Approach defined; and
 - Analysis of FY 2001 Network and other business plans completed and capability gaps identified
- Marginal:**
- Approach defined - Could include definition of Network/line management roles, specification of desired analyses, creation of information products, identification of options for response, etc.
- Unsatisfactory:**
- No Action taken

2.2.2 **Effective execution of the Facilities Strategic Plan to provide the facility space and infrastructure needed to achieve the vision of the Laboratory for the 21st Century**

The weight of this indicator is 30%.

Description: This indicator measures Battelle's ability to provide the facility space and infrastructure needed to achieve the vision of the Laboratory for the 21st Century. The indicator measures the progress towards strategic objectives in three primary areas as defined by the roadmap in the September 2000 Facilities Strategic Plan. The following outcomes and their corresponding milestones taken from the Facilities Strategic Plan shall be utilized to measure progress in FY 2001:

1) **Acquisitions**

Outcome: Near-term operational expansion that meets the emerging needs of R&D missions for space and collaborator support. The additional office space also enables activation of Limited Area Island (LAI) Phase II in the EESB in support of LAI consolidation efforts at the Laboratory.

Measures of progress: Complete acquisitions of additional capabilities and space essential to support R&D missions.

- Complete the acquisition and occupancy of ~20,000 square feet of office space in north Richland to ease overcrowding in ISB-1&2, EESB, and ETB. Occupancy of the facility will accommodate projected growth in research areas, including biological sciences, advanced computing, nanoscience and technology, and classified desktop research. The occupancy of the facility will be in accordance with Laboratory guidance.
 - Milestone Date – 90% occupancy of the new office space by June 30, 2001
- Complete construction for the User Housing facility to support increased collaboration at the Laboratory's user facilities.
 - Milestone Date – On or before June 30, 2001

2) **Revitalization of existing infrastructure**

Outcome: Direct measure of progress toward revitalization objectives and improves the general adequacy of facilities to meet R&D mission needs. Specific upgrades improve the general serviceability facilities, reduce the outage times and improve the ability to better control safety boundary.

Measures of progress:

- Completion of Definitive Design and Start of Construction of FY 2001 GPP funded renovations to four laboratories in the 331 building to support Biological Sciences research.
 - Milestone Date – On or before June 30, 2001
- Prepare, submit, and present Justification of Mission need (JOM) for FY 2003 DOE Office of Science Line Item – Laboratory Systems and Rehabilitation Upgrade.
 - Milestone Date – On or before December 31, 2000
- Prepare a project plan that integrates the switchgear and HVAC Controller replacement projects in the RPL Building.
 - Milestone Date – On or before December 31, 2000
- Initiate project to replace the switchgear and HVAC Controller in the RPL Building.
 - Milestone Date – Within 30 days after DOE-RL approval of baseline plan within the budget above.

3) **Campus of the future**

Outcome: Emerging biological sciences, such as proteomics and others, will require new and larger facility configurations, highly specialized instruments, and advanced computer systems beyond that which we currently have in place. In addition, interim laboratory and office space will be needed before a new facility is constructed. This activity addresses the need to further identify the capability requirements of the biology facilities on the planning horizon.

Measures of progress:

- Develop an implementation plan that defines Battelle's strategy to address the interim facility needs to support biological research, such as proteomics. This plan will have three major components:
 1. Definition of the interim biological research facility requirements
 2. Inventory of current infrastructure capability and its availability to support interim needs.
 3. A gap analysis and plan for closure.
 - Milestone Date – On or before September 30, 2001

Assumptions: Each milestone is achieved within a reasonable range of its original authorized budget as identified in the approved project management plans for each project. Also, Line Item submittals are expected to be coordinated with DOE-RL in a timely fashion to meet milestone dates identified.

Performance Evaluation:

Outstanding: Met at least 6 of 7 Milestones identified in this section

Excellent: Met 5 of 7 Milestones identified in this section

Good: Met 4 of 7 Milestones identified in this section

Marginal: Met at least 1 but less than 4 of 7 Milestones identified in this section

Unsatisfactory: No progress on the identified objectives or progress is achieved at the detriment to overall goals and mission of the Laboratory.

- 2.2.3 Establish a Laboratory-wide approach to manage/renew the critical equipment (i.e., those with a capital value >\$100K) needed to meet DOE's mission objectives.

The weight of this indicator is 30%.

Description: This indicator measures Battelle's ability to ensuring that the Laboratory has the necessary equipment to meet DOE's mission needs. For FY 2001, the focus will be on assessing the operational condition of all equipment used directly for or in support of research with a capital value in excess of \$100K relative to the mission needs identified in the Laboratory's Institutional Plan.

For the selected equipment, the custodians will complete an operational condition assessment. A crosscutting team will be used to develop the assessment questions to obtain the information needed. At a minimum the assessments will capture the following estimates:

- Time utilized/time available
- Current age and an estimate of the expected usable life
- Current user base
- Estimate of capacity/time available for other programs

- A list of the equipment's capabilities
- An evaluation of ability of the current design capabilities or operational condition to support mission objectives. This evaluation will be couple closely with analyses conducted in 2.2.1

Analysis of resulting data is expected to be the basis for the development of processes that can improve planning. Ultimately, when this equipment-assessment/data-collection process is mature, the data and associated performance metrics will support decisions on whether to upgrade or replace the equipment.

The conceptual equipment acquisition planning process should include the following steps:

1. Through the cognizant Level I managers, Initiative Leaders, Technical Resource Unit Managers, Technical Network Leaders, and Product Line Managers will review the results of the capital equipment assessment / survey. Additional and/or new equipment needs to support advancing mission objectives and new initiatives will then be determined.
2. Based on the results of the evaluation performed in step 1, a baseline will be established for percent excess capacity available, and a list of capital equipment investments needed to align equipment capabilities with mission objectives will be generated. The required investments will be tied as closely as possible to DOE-HQ funding sources (e.g., SC, NN, DP, etc.).
3. Improvements to SBMS will be identified for this process and subsequently implemented, as appropriate.

Assumptions: None.

Performance Evaluation:

To receive the following Adjectival rating, the Contractor must accomplish the following objectives:

- Outstanding: - 76 - 100% of equipment surveys completed;
- A baseline is established for percent excess capacity available and investments needed to align equipment capabilities with mission objectives (upgrades or buy new); and
- SBMS improvements identified and implementations underway, as appropriate
- Excellent: - 51 - 75% of equipment surveys complete; and
- SBMS improvements identified
- Good: - 26 - 50% of equipment surveys complete
- Marginal: - 1 - 25% of equipment surveys complete
- Unsatisfactory: - 0% of equipment surveys complete

Note: The Contractor's property management listing of capital equipment will be used to measure the percent completion on required surveys.

2.3 Provide an integrated management system that enables PNNL mission execution while providing stewardship of DOE assets

The weight of this Objective is 20%.

2.3.1 Baseline the effectiveness of management systems deployment

The weight of this indicator is 50%.

Description: This indicator is to establish a baseline evaluation of the effectiveness of management systems deployment throughout the Laboratory for use in FY 2002 planning. In addition, this indicator will result in the framework for evaluating management system effectiveness and identification of improvement areas. The framework will be used to analyze results of self assessments, identify potential areas where improvement is most critical, and documented in SBMS.

Assumptions: The Management System Owners Forum will participate in the development of the analysis framework and implement it for evaluation and analysis of self-assessment results. No new self-assessments will be required as a result of this framework. The framework will be focused on analysis of results from existing self-assessment activities.

Performance Evaluation:

- Outstanding:**
- Developed evaluation framework and document;
 - Evaluated effectiveness of all management systems;
 - Analyzed results for all management systems; and
 - Identified improvements and incorporate into FY 2002 business plans.
- Excellent:**
- Developed evaluation framework and document;
 - Evaluated effectiveness of all management systems; and
 - Analyzed results for all management systems.
- Good:**
- Developed evaluation framework and document;
 - Evaluated effectiveness of some management systems; and
 - Analyzed results for those management systems.
- Marginal:**
- Developed evaluation framework; and
 - No evaluation completed.
- Unsatisfactory:** - No Action taken

2.3.2 Progress toward the development of the 2nd Generation Management Systems

The weight of this indicator is 50%.

Description: An FY 2001 Operational Improvement Initiative titled "Drawing the Road Map to Second Generation Management Systems" is being initiated. This Operational Improvement effort will consolidate efforts to:

- Manage the continuous improvement of current management system components
- Rationalize the existing requirements and support delivery mechanisms
- Improve the Risk/Cost/Benefit Evaluation Process
- Formally establish the design basis for the second generation system development effort, including:
 - A formal articulation of the Customer Service Model work flow(s) that will serve as the "client" systems for the second generation management systems
 - A prioritized "product" list of second generation systems, processes, and tools to be developed in FY 2002 and beyond, including:
 - ❖ Formal "design criteria" to provide a conceptual performance expectation baseline for the second generation systems (including supporting processes and tools)

- ❖ Formal performance metrics to monitor the various management systems' maturity (market penetration/deployment, efficiency, effectiveness) consistent with the framework developed in indicator 2.3.1, above.
- Finalize Architecture for Second Generation Management System

Definitions:

Architecture: A formal description of the structure of a system, including the system components, the flow of data/information, and the system inputs and outputs.

Assumptions: The Contractor will undertake some level of involvement toward the concept of a Second Generation Management System in FY 2001, even if the FY 2001 Operational Improvement Initiative is not funded.

Performance Evaluation: The exact measures will depend on the available initiative funding, but will be conceptually similar to those proposed below.

- Outstanding:**
- A formal articulation of the Customer Service Model work flow(s) completed;
 - A prioritized "product" list of second generation systems, processes, and tools to be developed in FY 2002 and beyond completed; and
 - Architecture for 2nd Generation Operations Management System documented
- Excellent:**
- A formal articulation of the Customer Service Model work flow(s) completed;
 - A prioritized "product" list of second generation systems, processes, and tools to be developed in FY 2002 and beyond completed; and
 - Architecture for 2nd Generation Operations Management System being developed but not finalized
- Good:**
- A formal articulation of the Customer Service Model work flow(s) completed; and
 - A prioritized "product" list of second-generation systems, processes, and tools to be developed in FY 2002 and beyond underway but not completed
- Marginal:**
- A formal articulation of the Customer Service Model work flow(s) completed.
- Unsatisfactory:**
- No Action taken.

ELEMENT	Adjectival Rating	Value Points	Indicator Weight	Total Points	Objective Weight	Total Points
2.0 Operational Excellence						
2.1 Provide management and operational excellence in achieving key contract provisions						
2.1.1 Effectiveness of Integrated Safety Management (ISM)			25%			
2.1.2 Performance against business management sub-indicators (roll up from Table 2.2)			35%			
2.1.3 Sustain and enhance the effectiveness of Integrated Safeguards and Security (roll up from Table 2.3)			40%			
Obj 2.1 Total					40%	
2.2 Optimize capability alignment with current and future mission needs.						
2.2.1 Develop and establish a process for characterizing the Laboratory's technical capabilities			40%			
2.2.2 Effective execution of the Facilities Strategic Plan to provide the facility space and infrastructure needed to achieve the vision of the Laboratory for the 21 st Century			20%			
2.2.3 Establish a Laboratory-wide approach to manage/renew the critical equipment (i.e., those with a capital value >\$100K) needed to meet DOE's mission objectives			30%			
Obj 2.2 Total					40%	
2.3 Provide an integrated management system that enables PNNL mission execution while providing stewardship of DOE assets						
2.3.1 Baseline the effectiveness of management systems deployment			50%			
2.3.2 Progress toward the 2 nd Generation Management Systems			50%			
Obj 2.3 Total					50%	
					Outcome Total	

Table 2.1: Operational Excellence Critical Outcome Performance Rating Development

ELEMENT	Adjectival Rating	Value Points	Weight	Weighted Score	Overall Weighted Score
2.1.2 Performance against Business Management sub-indicators					
2.1.2.1 Cost Management Trends: Overhead cost as a percent of Laboratory's 1990 fully burdened average charge out rate			40%		
2.1.2.2 Resource Management trends: Direct FTE's as a percent of the total Laboratory FTE's			40%		
2.1.2.3 DOE's evaluation of the overall Contractor performance in the business management functional areas			20%		
				Overall Indicator 2.1.2 Total	

Table 2.2: Performance Indicator 2.1.2 Overall Score Calculation

ELEMENT	Adjectival Rating	Value Points	Weight	Weighted Score	Overall Weighted Score
2.1.3 Sustain and enhance the effectiveness of Integrated Safeguards and Security					
2.1.3.1 SAS Culture			40%		
2.1.3.2 SAS Training			20%		
2.1.3.3 External SAS Evaluations			20%		
2.1.3.4 Emerging Threats			20%		
				Overall Indicator 2.1.3 Total	

Table 2.3: Performance Indicator 2.1.3 Overall Score Calculation

Total Score	5.0 - 4.5	4.4 - 3.5	3.4 - 2.5	2.4 - 1.5	<1.5
Final Rating	Outstanding	Excellent	Good	Marginal	Unsatisfactory

Table 2.4: Operational Excellence Critical Outcome Final Rating

3.0 Leadership Excellence (15%)

Through Battelle's leadership and regional partnerships, PNNL will become recognized as an enduring local, regional and national asset.

The weight of this outcome is 15%.

The Leadership Excellence Critical Outcome shall measure the overall effectiveness/performance of the Contractor's programs to help establish a robust, sustainable, regional economy, and to attract, develop and retain critical staff necessary to achieve simultaneous excellence in science and technology, operations and community trust. Performance objectives and indicators to be utilized in the evaluation of the Leadership Excellence Critical Outcome have been developed in partnership with the appropriate DOE HQ, AMT, and RL counterparts and are listed below. These performance objectives and indicators identify significant activities/requirements important to the success of the Laboratory's business systems as identified by the Department and/or its customers. The reviewers (AMT, RL and/or HQ) as a primary means of determining the overall Leadership Excellence critical outcome performance rating shall utilize these objectives and indicators.

Each of the performance indicators has an associated metric that translates the level of performance to an adjectival rating. Scoring of the individual performance indicators is based on the point scheme identified within section I. The overall adjectival rating is then computed by multiplying the weight of each performance indicator and summing them all to develop an overall score for each objective. The score for each objective within the outcome is then computed in the same manner to arrive at an overall score for the Outcome (see Table 3.1). The overall value points earned are then compared to Table 3.2 to determine the overall adjectival rating.

Objectives and Performance Indicators:

3.1 Help define and shape the future of the Region by working to establish a robust, sustainable, regional economy

The weight of the objective is 55%

3.1.1 The number of new businesses started or expanded in the local area where Battelle had a material role in their establishment

The weight of this indicator is 45%.

Description: The number of new businesses started in the local area, or business expansions, where the Contractor had a material role in their establishment through one or more of its economic development programs. These programs include the Entrepreneurial Program (EntLOA), the Technical Assistance Program (TAP), the Targeted Support Program (TSP), and the Technology Partnerships Program.

Definitions:

Material role in establishment: It is recognized that business startups usually involve collaborative help from multiple participants. Likewise, business expansions often are made possible because of help from one or more entities. To receive credit regarding claims for this indicator, the contractor is expected to provide material or substantive assistance that results in the successful startup of a new business or expansion of an existing business.

For assistance to be determined to be material, it must be deemed to have played a significant role in the startup or expansion claimed; i.e. without the assistance, success would have been more difficult and/or less likely. The following activities are examples of the kind of assistance that is expected (these are only examples; other kinds of assistance would also qualify):

- Entrepreneurial Support, such as in business plan development, licensing, leasing, or transfer of unused government or PNNL property
- Technical assistance
- Technology and Intellectual Property demonstration and transfer support
- Support for marketing studies
- Capital investments or loans
- Leads for business relocation or expansion
- Responding to community economic entities requests for support for clients

For each new business or expansion claimed, the contractor is to provide documentation delineating assistance provided (timeframe assistance occurred, types of assistance provided, and a detailed description of how assistance benefited the company). Additionally, any letters of attestation from businesses helped that state the opinion of the recipient as to the value of the assistance provided would be helpful.

For the assistance to be evaluated, verification of qualifying companies, startup company or expansions will occur via visits to the business(s) being claimed. The following criteria will be used as a basis for DOE's evaluation: (1) Required Business Plan, (2) Required Facilities/Equipment, (3) Management Team in Place, (4) Support Staff Hired, (5) Financing in Place, (7) Technology Protected, (8) License(s) in Place, (9) Product Status, and (10) Marketing and Sales.

Local Area: The two counties that contain the Hanford Site: Benton and Franklin

Assumptions: The Laboratory will receive continuing funding (though 3161 is extremely unlikely) for EntLOA, TAP, and TSP, and Technology Partnerships (at least \$250K in direct and indirect funding for EDO's programs).

Performance Evaluation:

- Outstanding: 8 or more new businesses started or expanded in the area where Battelle had a material role in their establishment.
- Excellent: 6 - 7 new businesses started or expanded in the area where Battelle had a material role in their establishment
- Good: 4 - 5 new businesses started or expanded in the area where Battelle had a material role in their establishment.
- Marginal: 2 - 3 new businesses started or expanded in the area where Battelle had a material role in their establishment.
- Unsatisfactory: less than 2 new businesses started or expanded in the area where Battelle had a material role in their establishment

Note that last year, 10 new business starts/expansions was considered outstanding. Funding for Contractor's economic development programs will be substantially lower in FY 2001 than it has been past years, so the performance levels were reduced (from 10 to 8), though not nearly in proportion to the long-run funding reductions. From FY 2000 to FY 2001, funding will be reduced by 25%. From FY 1999 to FY 2000, the funding reduction was even greater (nearly 40%). Given that the Contractor helped start/expand 12 businesses in FY 1998 when funding for the programs was greater, 8 starts/expansions will keep Battelle on track to average 10 per year over the five-year contract.

3.1.2 Effectiveness in providing technical assistance to local firms

The weight of this indicator is 30%.

Description: This indicator has been developed to track the effectiveness of Battelle's Technical Assistance Program in helping to diversify the local economy. The evaluation will be subjective in nature and includes criteria in the following three areas: number of firms assisted, quality of assistance provided, and overall rating provided by the sponsors. Based on the overall performance within each of the three areas identified above, the AMT and appropriate RL staff shall assign an overall subjective rating for this indicator.

Definitions:

- Local firms - Local firms are those located in the 10 county region made up of the two counties that contain the Hanford Site, plus the counties adjacent to them. The counties are Benton, Franklin, Yakima, Walla Walla, Grant, Klickitat, Adams, and Whitman in Washington and Morrow and Umatilla in Oregon. Additionally, firms are considered local if they are being actively recruited to establish operations in the local area.

Evaluation Criteria: The following criteria shall be utilized in the evaluation of each of the four areas being utilized to evaluate this indicator:

- Number of Firms Assisted - The number of firms that have initiated technical assistance. Technical assistance is considered to be initiated after three events have occurred: 1) the firm has submitted a written request for assistance, 2) an assistance agreement has been signed by Battelle and the firm, and 3) funding has been allocated to a researcher to provide technical assistance. Technical Assistance is considered to have been provided after a client has accepted the technical services offered and the services have been used. (Note: Battelle will make a good faith effort to ensure customer use of the technical assistance.) Technical assistance can also take the form of a Laboratory-funded study done by graduate students at WSU Tri-Cities. This type of assistance is considered initiated after the students and the client have met to scope the study.
- Quality of Assistance - This factor is based upon an AMT-approved Battelle survey provided to all recipients of technical assistance projects. Information to be used comes from question #1 on the survey - *Overall, how would you rate the interaction process with PNNL?* and item #2, *Please rate the usefulness of the technical assistance provided by PNNL.* Satisfaction will be measured on a five point scale where:
 - 1 = Very Dissatisfied
 - 2 = Dissatisfied
 - 3 = Neutral
 - 4 = Satisfied
 - 5 = Very Satisfied

The specific measurement for this factor will involve the percentage of recipients with a response of satisfied or very satisfied (4 and 5 of the 5-point scale).

- Rating by Sponsors - This factor will be based on the overall rating concerning the overall quality of work performed by the Technical Assistance Program and queried by the AMT. The quality will be measured on the standard adjectival ratings of Outstanding, Excellent, Good, Marginal, and Unsatisfactory, utilizing the adjectival rating definitions provided within Section I of this appendix.

Assumptions: At least \$100K in direct and indirect funding for the Technical Assistance Program.

Performance Evaluation: Figure 3.1 below will be utilized by the DOE-RL reviewer(s) as guidance in the development of the overall subjective rating of Outstanding, Excellent, Good, Marginal, or Unsatisfactory. Note that last year, 50 technical assistance interactions was considered outstanding. The Contractor's Technical Assistance Programs will begin FY 2001 with 37% less funding than was available to assist firms at the beginning of FY 2000, so the performance levels were reduced (from 50 to 40, a 20% reduction).

Evaluation Factor	Outstanding	Excellent	Good	Marginal	Unsatisfactory
Number of Firms Assisted	40 or more	30 - 39	15 - 29	6 - 15	5 or less
Quality of Assistance	85% or greater	75% - 84%	60% - 74%	50% - 59%	49% or fewer
Rating by Sponsor	Outstanding	Excellent	Good	Marginal	Unsatisfactory

Figure 3.1

3.1.5 Proactively works with other Hanford contractors and regional entities to help diversify the local economy

The weight of this indicator is 10%.

Description: Proactively work with other Hanford contractors and regional entities to help diversify the local economy.

Evaluation will be based on types and degrees of interactions, participation and help offered, including:

- 1) Facilitating third party funding,
- 2) Facilitating communications and contacts (e.g. Tri-Cities Venture Group), briefings, workshops,
- 3) Providing excess equipment/supplies, (need not necessarily go to new businesses, but could go to help economic development entities),
- 4) General help and services to economic development entities (this might or might not lead to the creation of specific businesses),
- 5) Helping existing businesses when appropriate

Activities being claimed in fulfillment of this performance indicator are to be summarized in handouts available at the monthly meetings of Battelle, Economic Development Office (EDO) and Department of Energy personnel and/or the EDO monthly reports. Further, Battelle is to be prepared to informally discuss upcoming and future plans in fulfillment of this performance indicator at the monthly meetings.

Definitions:

Local Area: The counties that contain the Hanford Site, Benton and Franklin

Assumptions: None

Performance Evaluation: Evaluation ratings will be based on the DOE-RL review of Battelle's relationship with regional economic development organizations. Battelle will be evaluated on the type of relationships maintained, frequency of contacts, and the value of Battelle's assistance to others. Input from regional community economic development organizations will be the primary factor in evaluating Battelle's assistance to others. Figure 3.2 shows key evaluation criteria and should be considered as guidance in establishing an evaluation rating.

Evaluation Factor	Outstanding	Excellent	Good	Marginal	Unsatisfactory
Key Organizations Contacted/Helped	DOE Prime Contractors, TRIDEC, Ports, Cities, Chambers, & Others	DOE Prime Contractors, TRIDEC; Most of the organizations listed under "Outstanding"	DOE Prime Contractors, TRIDEC; Some of the organizations listed under "Outstanding"	Occasional, superficial contact	Little or no Contact
Frequency/Quality of Contacts	Considered superior by most organizations	Generally considered very helpful by most org.	Generally considered sufficient by most org.	Generally considered "lacking"	Little or no contact
Perceived Value of Relationship w/ PNNL and/or Services Provided	Overwhelmingly, relationship considered valuable; help greatly appreciated	Generally, relationship considered valuable; help fully appreciated. Little negative response	Generally, relationship and help appreciated. Limited negative response	Generally, ambivalent or negative comments	Strong negative comments

Figure 3.2

3.1.4 Develop and champion at least one new economic development initiative

The weight of this indicator is 15%.

Description: One manifestation of the vitality of the Contractor's economic development efforts is that new approaches and initiatives for economic development are devised and pursued. In the absence of new approaches, there is danger that new opportunities will be missed because they don't fit the existing programs, or that the Contractor's economic development efforts will be taken for granted by stakeholders and therefore ignored, or that complacency will set in. This performance indicator is designed to assess the degree to which the Contractor is developing and implementing useful and effective new approaches for economic development. Past examples of new economic development initiatives include the Targeted Support Program (FY 1997), the Tri-Cities Venture Group (FY 2000), the SBI/Alerting Service (FY 1997), and the Technology Investor Forum (FY 1998). The evaluation will be subjective in nature and includes criteria in the following five areas: number of new initiatives, degree of initiative implementation, fit with PNNL's economic development mission, observed immediate impact, and likelihood of future impact. Based on the overall performance within each of the five areas identified above, the AMT and appropriate RI staff shall assign an overall subjective rating for this indicator. It is possible, for example, to achieve an Outstanding rating by implementing a single, large, impactful new initiative; or by developing several new initiatives with varying degrees of implementation and impact.

Definitions:

Economic Development Initiative: A new program, approach, offering, recurring event, or one-time event that is designed to accomplish PNNL's economic development mission to diversify the local economy.

Local Area: The two counties that contain the Hartford Site, Berton and Franklin.

Assumptions: Funding will be made available to implement new economic development initiatives as appropriate.

Performance Evaluation:

Figure 3.3 below will be utilized by the DOE-RL reviewer(s) as guidance in the development of the overall subjective rating of Outstanding, Excellent, Good, Marginal, or Unsatisfactory.

Evaluation Factor	Outstanding	Excellent	Good	Marginal	Unsatisfactory
Number of New Initiatives	3 or more	2	1	1	0
Degree of Initiative Implementation	Fully funded and implemented	Complete design, partial funding	Designed on paper	Conceptual design	Not designed
Fit with PNNL's Economic Development Mission	In complete alignment	Strong alignment, but with some divergence	Generally aligned	Somewhat aligned	Not aligned
Observed Immediate Impact	Significant impact	Adequate impact	Minor impact	Insignificant impact	No impact
Likelihood of Future Impact	Significant impact likely	Adequate impact likely	Impact somewhat likely	Impact possible	Impact unlikely

Figure 3.3

3.2 Attract, develop and retain the critical staff necessary to achieve simultaneous excellence in S&T, operations, and community trust

The weight of this objective is 50%.

3.2.1 Regular Contractor/AMT review of strategic capability requirements, actions and results

The weight of this indicator is 65%.

Description: Each Contractor Associate Laboratory Director (ALD) with their respective AMT Division Director will regularly review strategic capability requirements, actions, and results. Each ALD/AMT team will establish the set of critical items to be reviewed (i.e., strategic staffing needs, diversity goals, targets for each quarter, etc.), will document them in the Division self-assessment plans, and will provide quarterly updates. In February and August of FY 2001, the ALD will self-rate performance against the set of critical items documented in the self-assessment plan using a 5-point scale. The AMT Division Director will confer with the rating or provide feedback on the gap in the rating. The rating summary will be signed by the ALD and AMT Division Director and provided to the Contractor HR Director and to the Management Analyst, DOE Institutional Management Division, AMT point of contact.

Definitions:

Strategic capabilities needs are defined by the Division strategic plans and investment/funding availability. These capabilities include employees at any level that are key to strategic laboratory initiatives. Capability requirements can be met through staff additions or staff development.

The 5-point survey rating scale is:

5 4 3 2 1
Excellent Poor

Assumptions: Performance in this area will be dependant upon the DOE AMT's ability to articulate reporting needs relative to strategic capabilities.

Performance Evaluation:

Outstanding: An average of all ratings is 4.5 or better
Excellent: An average of all ratings is 3.8 to 4.4
Good: An average of all ratings is 3.0 to 3.7
Marginal: An average of all ratings is 2.5 to 2.9
Unsatisfactory: An average of all ratings is <2.5

3.2.2 Develop and pilot a New Staff Integration (NSI) program

The weight of this indicator is 35%.

Description: The Contractor will ensure staff and management integration, preparation, and development to meet mission direction by developing and piloting a New Staff Integration (NSI) program to increase staff commitment, understanding and productivity during the first year of employment. A 5-point rating scale will be used by participants to evaluate the program.

Definitions: The 5-point survey rating scale is:

5 4 3 2 1
Excellent Poor

Assumptions: The Pilot design will be completed by March 31, 2001.

Performance Evaluation: On a 5-point scale:

Outstanding: 4.0 + composite evaluation of pilot participants
Excellent: 3.6 - 3.9 composite evaluation of pilot participants
Good: 3.0 - 3.5 composite evaluation of pilot participants
Marginal: 2.5 - 2.9 composite evaluation of pilot participants
Unsatisfactory: <2.5 composite evaluation of pilot participants

ELEMENT	Adjectival Rating	Value Points	Indicator Weight	Total Points	Objective Weight	Total Points
3.0 Leadership Excellence						
3.1 Help define and shape the future of the Region by working to establish a robust, sustainable, regional economy						
3.1.1 The Number of new businesses started in the area where Battelle had a material role in their establishment			45%			
3.1.2 Effectiveness of providing technical assistance to local firms			30%			
3.1.3 Proactively works with Other Hanford Contractors and regional economic development entities to help diversify the economy			10%			
3.1.4 Develop and champion at least one new economic development initiative			15%			
Obj 3.1 Total					50%	
3.2 Attract, develop and retain the critical staff necessary to achieve simultaneous excellence in S&T, operations, and community trust						
3.2.1 Regular Contractor/AMT review of strategic capability requirements, actions and results			65%			
3.2.2 Develop and pilot a New Staff Integration (NSI) program			35%			
Obj 3.2 Total					50%	
Outcome Total						

Table 3.1: Leadership and Management Excellence Critical Outcome Performance Rating Development

Total Score	5.0 - 4.5	4.4 - 3.5	3.4 - 2.5	2.4 - 1.5	< 1.5
Final Rating	Outstanding	Excellent	Good	Marginal	Unsatisfactory

Table 3.2: Leadership and Management Excellence Critical Outcome Final Rating

III. CONTRACTOR SELF-ASSESSMENT PROGRAM

RL views the Contractor's self-assessment program as a primary tool to determine if it is accomplishing agreed-to outcomes, objectives and performance indicators and doing so in a manner that is acceptable. In addition, the Contractor utilizes self-assessment as a primary mechanism for evaluating the overall effectiveness of its organizations and to promote continuous improvement. The key to the performance-based evaluation process employed within the Laboratory, is the utilization of self-assessment as a primary tool for evaluation of the Contractor. In order for this concept to continue to be successful we must diligently work with our contractor counterparts throughout each year to track the progress of the outcomes and objectives set forth within the contract and/or the individual Division and Directorate-level self-assessment plans. This regular interaction should be carried out under the principles of partnership and trust that form the basis of our relationship with the Contractor.

Contractor Division and Directorate Level Self-Assessments

The Contractor shall develop and maintain Division and Directorate-level self-assessment plans. Using the critical outcomes as the basis, self-assessment plans are to be developed and maintained by each Division/Directorate organization, in cooperation with both their internal and external (AMT, RL, or other) counterparts. These agreed upon plans are to be provided to the applicable DOE RL, AMT, or other DOE customer within the first quarter of FY 2001.

Contractor Laboratory-Level Self-Assessment Report

The Contractor is required to provide monthly and/or quarterly updates (as appropriate) on the performance against the Critical Outcomes and their corresponding performance indicators. The Contractor shall provide a formal status briefing at mid-year and year-end, and a formal self-evaluation report to the AMT at year-end. Specific due dates for the above mentioned briefings and reports shall to be agreed to by the Laboratory Director and the RL Assistant Manager for Science & Technology.

In addition, the year-end report must provide:

- an overall summary of performance for FY 2001,
- performance ratings for each critical outcome and the Laboratory overall, and
- a summary of key strengths and opportunities for improvement identified as part of the Division and Directorate self-assessment activities

DEC 19 2000

Dr. L. J. Powell, Director
Pacific Northwest National Laboratory
Richland, Washington 99352

Dear Dr. Powell:

CONTRACT NO. DE-AC06-76RL01830 – CONTRACT MODIFICATION M328

This letter transmits one copy of contract modification M328 for your file.

Questions regarding this matter may be directed to Ronnie Dawson at (509) 372-4023.

Sincerely,

Theodore N. Turpin, Jr.
Contracting Officer

PRO:RLD

Enclosure

cc w/encl: K. L. Hoewing, PNNL

bcc: PRO Off File
PRO Rdg File
CCC Rdg File (w/encl)
S. E. Bechtol, PRO (w/encl)
T. L. Davis, IMD
R. L. Dawson, PRO
Cindy Moody Brock, Webmaster (w/encl)
File Name: I:\PNNLAMODSYM328\Fran lr1-M328.doc
File Code: Contract Mod File M328

Record Note: None.

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DEC 19 2000
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Office >	PRO	IMG	PRO		
Surname >	DAWSON	DAVIS	DAWSON		
Date >	12/19/00	12/19/00	12/19/00		